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Be Sure to Read

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The Nation's Business

Centralized Control Need On Manpower

Plans and policies now being formulated for a new frontal attack on Canada's muddled manpower problem were unfolded this week in a candid discussion with newspaper editors and publishers. The discussions were under the direction of Minister of Labor Mitchell and his associate, Elliott M. Little, director of National Selective Service.

New and drastic regulations for the control of industrial manpower were forecast as the next step in stopping present wastage and shortages.

Behind these necessary and belated measures lies a weakness in Canada's manpower controls which is generally overlooked. That weakness is the divided authority and control which circumscribes the best efforts of the Department of Labor and of Selective Service officers in tackling the job.

When Prime Minister King announced his new national selective service policy on March 24, he outlined a dozen or more new orders-in-council and the creation of a manpower boss (Elliott M. Little) to direct the new manpower mobilization programme. But he also said this:

"The responsibility for increasing the total available manpower available for war service has been largely centred in the Department of Labor.

"It would not, however, be possible even if it were desirable to centralize in one department of government all the administrative responsibility for allocating manpower and for directing men and women into the most useful form of service."

It is this reservation, with which Mr. King hedged his earlier manpower programme, that now proves to be the weakness of an all-out mobilization policy. There have been too many fingers in the manpower pie—as witness the confusion and muddling of draft boards (still under the authority of National War Services) whose decisions have clashed both in principle and detail with industrial mobilization policies of the Labor Department.

Until there is complete assurance that this overlapping is to be removed and that manpower mobilization is to be centralized under one authority, the tightening of manpower controls may increase rather than lessen the confusion and muddling that has characterized Canada's manpower problem since war's outbreak.

* * *

NEW APPROACH NEEDED

To meet Canada's money needs this year means tapping pools of private saving that past Victory Loan campaigns missed or failed to exploit fully.

In past drives the Victory Loan purchases of institutions, industrial buyers and other "special names" provided two thirds of the total. The remainder, about $340 millions, came from the general public.

The group of investors mentioned above can be counted upon to subscribe heavily again; but it is doubtful if their limit will be much higher than last spring.

Success or failure of forthcoming loans—and of Canada's whole *financial policy*—depends now, in very large measure, on the *"average"* Canadian, the wage-earner and the farmer especially.

The middle and upper income groups in the past contributed a very large share of the Victory Loan total which came from the general public. Representatives of these groups interviewed by The Financial Post say that the new taxes mean their purchases of forthcoming Victory Loans will be greatly restricted. Contractual obligations plus taxes have them stymied, they say. This group must accept the obligation of cutting down personal expenditures; of adopting the new and much lower standard of living of which we have been warned for months but which now becomes an immediate national necessity. There will not be very much "saving" to be tapped by Victory Loans at this level in the future.

The big sources of new money and of money not yet contracted for in the form of life insurance premiums, mortgages, etc., are in the lower income groups which are also the groups where war has produced the most important income gain, especially in terms of total family income. This is especially true in those cases where there are now several members of the family earning rather than only one. It is these cases, too, that the income tax officials admit they have been unable to get at with appropriate vigor.

Many of these groups are unfamiliar with investment. In the past, many were unable to share or may have been indifferent to sharing, responsibility for the national financial welfare.

The farm population has never been an important tax-paying group, but farm income and good crops are again being harvested.

Successful selling in these fields will only be accomplished by a "grass-roots" approach; by very different methods and organization to those previously adopted in earlier campaigns.

The crux of our entire fiscal policy lies in the grass-root salesmanship of the new National War Finance Committee organization now being set up under George W. Spinney.

A chain of most disastrous consequences can scarcely be avoided if forthcoming Victory Loans are not successful.

* * *

WISE ACTION ON C.B.C. ESSENTIAL

Resignation in a body of the Board of Governors of the Canadian Broadcasting Corporation would not be too drastic a step to expect in view of the disclosures at the recent parliamentary enquiry. The Board is to hold its first meeting since that enquiry on August 17.

The evidence brought out made it very plain that the CBC no longer had a management entrusted with the strong centralized control which is the indispensable requirement for any enterprise. This resulted from dividing the duties of general management between two men. Major Gladstone Murray was relieved of full direction and was left authority only over programmes and matters of general policy. Control of personnel and of finances was put in the hands of Dr. Augustin Frigon. This was an impossible division of authority for really effective direction.

The Board of Governors was very remiss in fostering and tolerating this disintegration of authority. Intended by the act of incorporation to act as trustee for the listener, to represent in an advisory way all parts of the country, the Board was never intended to supersede management and to concern itself with detailed problems of administration.

Meetings of the Board were infrequent and desultory. Its conduct, generally, demonstrates serious failure to grasp its duties and its obligations to the people of Canada.

By establishing a national radio system, the Canadian government took over a big and important area of public responsibility. The government failed lamentably in its role as trustee for the Canadian people, not because it should or could run the CBC, but because it countenanced management with divided authority, because for three years it blocked an enquiry, because it failed to assure proper service by the Board of Governors as a whole.

Fortunately executive troubles have so far had little ill effect on the programme performance of the CBC which so largely depends on under-executives who carry the main burden of the work; and the CBC has proved a useful instrument of wartime morale.

It is devoutly to be hoped that if the recommendation of the report is acted upon and a new centralized management is set up, that the new chief will not be the favorite of some political potentate or of an influential political group. The CBC is the property of the people of Canada. It deserves the best.

Lift Duty on War Goods To the U.S.

President Roosevelt Cuts Red Tape by Direct Action – Ottawa Awaits Details

By STAFF WRITER

OTTAWA.—Government officials are still awaiting details and regulations on what appears to be one of the most important orders issued in a long time—the Presidential declaration of Franklin D. Roosevelt which suspends tariff barriers on war supplies imported from Canada by U. S. government departments. The move should speed export of war products from Canada to the United States.

Weary of Congressional delay, President Roosevelt finally used his emergency powers on June 1 to wipe out by executive order the customs duties and tariff red tape which has heretofore hampered negotiations and transfer of goods as between the two countries.

This parallels similar Orders-in-Council of the Canadian Government which permit entry free of duty and taxes of practically all war production goods purchased by the Department of Munitions and Supply or its agents.

Only Navy had Authority

By an historical accident, the U. S. Navy Department has been, heretofore, the only governmental agency which was permitted to import war supplies free of duty. The new presidential order extends this privilege to all goods purchased by government departments. Departments chiefly affected are presumed to be the War Department and the U. S. Maritime Commission.

Just how broad the definition of "war supplies" will be under the new order, depends apparently on regulations not as yet issued under the presidential decree. It is presumed it will parallel fairly closely the basis which the Canadian government uses for this purpose.

Hundreds of Millions

Volume of goods affected by the order will run into the hundreds of millions. No official figures covering commitments of the U. S. government for war supplies in Canada have been released in recent months but with the inclusion of important new airplane and shipping contracts recently concluded it is thought that the total of sales now exceeds $600 millions. Most of these sales are handled direct through the Crown Company War Supplies Ltd.

Part of these sales were already free from tariff restrictions because of being placed by the U. S. Navy. The remainder will now be free of the "paper work" and red tape which have greatly hampered harassed production officials responsible for speeding up internation war production transactions.

First official indication in Canada that this tariff barrier had been removed, came in a statement of the Joint War Production Committee of Canada and the United States issued a few days ago covering the first half year of the committee's activities. It is this committee which issued a special statement on tariff policy between the two countries last December.

It is expected that eventually, congressional authority to give statutory force to the presidential tariff decree will be obtained.

It's Your MONEY

. . . that goes to pay for three barbers and a masseur on Parliament Hill.

There are two barber shops in the Parliament buildings. One is in the Senate wing. The other, a few yards along the corridor, is presumably for the use of members of the House of Commons.

The Senate barber gets paid $4.50 a day during the session; $4 a day when the Senate is not in session—ostensibly as a member of the messenger service.

In the Commons shop the head barber gets $5 a day, 365 days in the year. The second barber gets $4 a day, 365 days in the year. The masseur gets $1.75 a day, 365 days a year.

They are supplied with all equipment, light, heat, accommodation, etc., free of charge.

And, here is the payoff.

After getting these wages, plus free accommodation, etc., the barbers are permitted to pocket all the money paid by patrons for their services.

Colonel of the CWAC'S

—Canadian Army photo.

Just promoted from major to lieutenant colonel, slim, efficient Joan Kennedy is commandant of the Canadian Women's Army Corps. Daughter of an Imperial army officer, she is Mrs. Norman Kennedy, wife of a Victoria engineer, in private life. Right now she is busy recruiting the Women's Army Corps from a present strength of slightly less than 4,000 to a proposed strength of 10,000 at the end of the year. (See page 6 for personal sketch).

New Ration System Cuts Duplication

Permanent Books to be Ready by Labor Day, Serial Numbers For All to be Retained For Duration

By STAFF WRITER

OTTAWA.—On or before Labor Day (Sept. 7), 11 million six-month ration books will be delivered by mail to Canadian citizens. The books will replace the temporary cards for tea, coffee and sugar rationing which expire on September 8. They will have a number of "extra" sets of coupons for weekly and bi-weekly rationing. Present aim is to have every book delivered not later than September 7.

Chief feature of the new books will be that each one will be stamped with a serial number which will remain with the owner for the duration of the war. Identification by means of the serial number on each individual's WPTB ration book may become an important and integral part of the war economy from now on.

Serial numbers will be allocated by districts and alphabetically within each district. There are now 32 local district offices of the ration division of the WPTB located in 26 key cities throughout Canada. In order to avoid the handling and serialling of more than 500,000 cards in any one city, there are two or more offices in some of the larger Canadian communities.

The serial number of persons living in and around Sydney, N.S., (for example) will be prefixed by the letters SY. This prefix will include not only the residents of Sydney proper but also of all the territory included in the WPTB ration office at that point.

Within each territory, individuals will be classified alphabetically—that is: a wife and family will receive consecutive numbers to the head of the household.

Some 900 schoolteachers are completing the transfer of names from application cards to the permanent ration books. As this work is completed, the application cards are distributed to local offices to form the permanent record which will be the basis of present and future rationing in Canada.

One important job being accomplished by the new system now being set up is the elimination of duplicate applications. It is estimated that about 50,000 persons filed duplicate application cards when the original temporary sugar ration cards were distributed last July.

One job which has been made easier by the announcement last week of coupon rationing for tea and coffee, is the handling of permanent coupons for "minors."

With tea and coffee rations now unavailable for children under 12, ration officials are able to tear out of the permanent books, the ration coupons which after September 8 will permit purchase of these commodities. Had formal rationing of tea and coffee not been agreed upon prior to September 8, it would have been difficult if not impossible to recall these coupons once the books had been issued to all Canadians, irrespective of age.

Incidentally, the Canadian "cut off" age of 12 is less generous than that of U. K. where tea and coffee ration coupons are allowed to all persons over the age of 5. In Australia the age limit is 9.

In Canada, however, the government is understood to have conducted an independent survey before deciding that children under 12 didn't need these beverages. This indicated that the great majority of Canadian children and even young people well on in their teens depended mainly on other drinks, especially milk.

Incidentally the same survey is said to have revealed for the first time accurate details on individual consumption and the number of cups the average Canadian was able to brew from a given amount of tea or coffee.

Real Wages Rise Very Slowly

If price control and wage control were in perfect step, there should be no change in the real wages—that is the money wage adjusted for changes in the cost of living.

This has hardly been the case in Canada over the past year. For May this year the weekly earnings averaged $28.60, a gain of $3.35 weekly during the year. But real wages had risen only to $24.63, or $1.78.

Chart by The Financial Post

Production for Profit Versus Production by Compulsion

By GUSTAV STOLPER

The Financial Post presents the sixth of a series of eight articles from Dr. Gustav Stolper's major work—"This Age of Fable."

A 1933 refugee from Hitler's Germany, Dr. Stolper is now serving in New York as an economic consultant. His background as correspondent for the "Economist," editor of an economic weekly, member of the Reichstag and representative to the League of Nations has made him a leading authority in his present work.

In the accompanying article Dr. Stolper notes the place of the profit motive as both a driving force and economic yardstick.

Capitalism, we are told, produces for profit, socialism for use. Nothing is simpler. Few popular slogans enjoy greater credence. Is this too all fable, or has it some relation to reality?

Producing for profit expresses the motive that causes man to produce. Producing for use expresses the purpose of production. The antithesis compares the incomparable. In fact, every production is for "use" and for use alone, whatever the motives of the producers may be. Nobody wittingly produces useless things under any economic system, except for personal enjoyment (which is not a question of the economic system) or for the purpose of sabotage, which is a matter not of economics but of criminology—a large-scale phenomenon known only to despotic economies of all denominations.

Our economic system is based, it is true, on the profit motive. This means only: This society, built on and dependent on the voluntary co-operation of its members, has to rely on a motive or a combination of motives strong enough, compelling enough, and common enough to make the system work. A huge industrial plant cannot be operated from a defective powerhouse of which we never know, from hour to hour, whether the current will flow or the machine stop. The economic system in which we live depends inevitably upon the compulsion under which all its members act to preserve their lives. Everyone has to "make his living"—the language is expressive—if we forget for the moment the negligible number of people who live on interest from inherited money.

Everyone Has Motive

When we speak of the profit motive we usually have in mind the motive under which the producer acts. As a matter of fact virtually everyone acts from the same profit motive. The housewife coming to the market for spinach compares the prices in several stores and buys the cheapest without caring whether the price she pays is ruinous to the grocer or the farmer who supplies it. The worker who fights for a wage increase acts—very legitimately and socially — from the profit motive. He is not only within his rights; he realizes a social duty in demanding the

(Continued on page 11)

Fight on Inflation Enters New Phase

Government Seen as Falling Back to Second Defense Line in Borrowing on Deposit Certificates From Chartered Banks

On this subject see also
Bankers' view of this move, p. 5.
How we can borrow enough, p. 9.

By KENNETH R. WILSON

OTTAWA.—Canada's government was forced last week to move back to a secondary line of defense against inflation, by the first of a series of weekly borrowings from Canadian chartered banks.

Sharply mounting war costs compelled the treasury to embark on a new form of "inflationary" bank borrowing—the issuance for the first time in Canada of deposit certificates. The initial amount was $75 millions, with additional loans to be made weekly in future. It is understood that the tentative limit placed on this type of loan for the time being is $500 millions.

The certificates bear interest at ¾% and will mature 26 weeks after the issue date. It was stated officially that proceeds of the sale of these certificates would be used to assist in financing war expenditure prior to the next public loan.

Although the total amount of such certificates outstanding may be reduced from time to time after periodic loan campaigns, there is little expectation that these certificates will actually be redeemed so long as costs keep mounting at as rapid a rate as in recent months.

Britain Uses Plan

In Great Britain, this form of "inflationary" borrowing to meet war costs was first resorted to by the British Treasury in July, 1940. Latest available figures show that as at May, 1942, there were outstanding £470.5 millions (something over $2 billions) of these Treasury deposit receipts (as they are called in England).

At the end of January, 1942, the amount outstanding was very much higher—about £738.5 millions or more then $3.3 billions. In Britain, the receipts are issued weekly to the banks, run for a 6-month term, and bear interest at 1⅛%.

Speaking in the House of Commons on July 15, Finance Minister Ilsley pointed out that there were three ways of borrowing to finance war costs—from the public, from the chartered banks, and from the Bank of Canada. He called borrowing from the Bank of Canada the "most inflationary method of the three." Of borrowing from the chartered banks he stated:

"I go to some bank and ask them to let the government have $100,000 . . . they simply credit the government with $100,000 and the total of the bank deposits of the country have increased by $100,000. In other words, that transaction results in there being in existence $100,000 more new money than if I borrowed from my hon. friend.

"To that extent it is $100,000 more inflationary in its effect than the other method (borrowing from the public).

"That is the reason why we shy off from borrowing from the chartered banks, why we strictly limit our borrowings from the chartered banks, keep them down to an irreducible minimum."

For the remainder of the fiscal year, the problem of financing a war cost seven times greater than the normal cost of government in Canada is already throwing a tremendous strain on the national economy. Mr. Ilsley's inflationary "gap" in terms of the difference between estimated government expenditure and revenue, is something in the nature of $1.8 billion.

So far, the new National War Finance machinery now being set up to raise that money from Canadians has scarcely started to function. Its goal is a loan and saving campaign "at the rate of" $1.8 billion a year but it does not hope to achieve a saving or loan total of that amount by March 31, 1943.

The new deposit certificates (assuming they are issued to the extent of $500 millions) represent therefore what might be termed "residual" borrowing. First, the government borrows and taxes what it can from the Canadian people. It then leans on the chartered banks (rather than on the Bank of Canada) for the rest.

The amount of such borrowings might be said to be a measure of the inadequacy of government fiscal measures rather than reflecting a "failure" in fiscal policy.

Chartered Bank Loans

Until July 29, Canada had avoided borrowing from the chartered banks except to the extent of about $400 millions. The first loan was a "pump-priming" operation — $200 millions of short-term securities dated October, 1939. The loan was originally for two years and has since been extended to October, 1944.

The second bank loan was for

(Continued on page 2, col. 6)

'AA' Gas Plan In Abeyance?

Special Ration Category for Pleasure Driving Reported Dropped

By STAFF WRITER

OTTAWA. — The government seems to have abandoned the proposal to issue a new special "A-A" gasoline ration book to motorists who drive their cars only for pleasure.

Speaking in the House of Commons on June 17 in regard to the shortage of gasoline and the reclassification of motorists from higher to lower categories, Mr. Howe stated:

". . . many of these motorists were reduced to category A. We also found that many of those originally in category A were owners of more than one car or were using their cars almost entirely for pleasure purposes.

"It is obvious that these motorists should not receive as much gasoline as those who use their cars mainly in the earning of their livelihood.

"It has therefore been decided to establish a lower category to be known as category A-A. The setting up of a new category takes time and I am not now in a position to state what the gasoline allowance for category A-A will be, or when it will be announced become effective. This will be announced in due course."

It is now reported that due to administrative difficulties of drawing the line between those who use their cars entirely for pleasure and those in category A who use cars on a whole or part-time business basis, the proposal has been either dropped or sidetracked indefinitely.

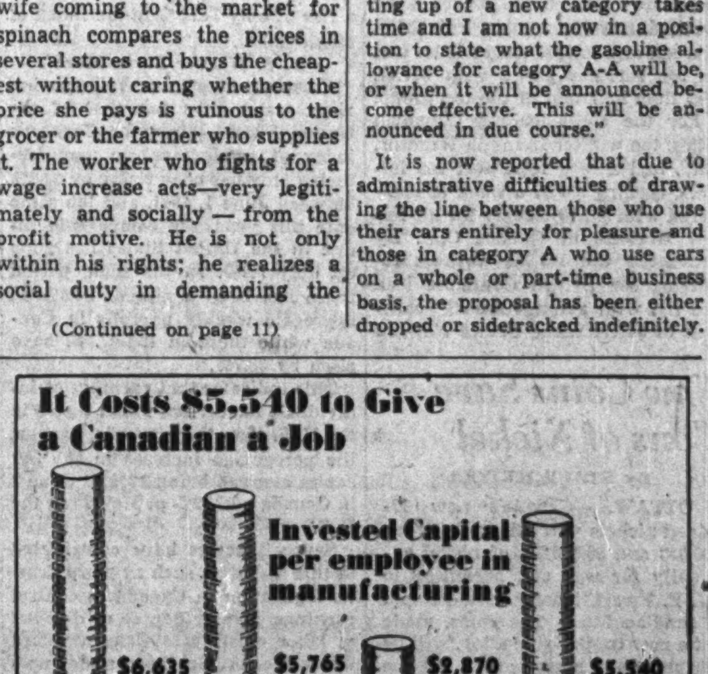

Chart by The Financial Post

The average Canadian manufacturer must invest $5,540 on plant and equipment for every worker he hires. This figure is reached by dividing the capital investment in industry by the number of employees. It varies somewhat by industrial groups, as is shown by the above chart, which is based on Canada Year Book statistics.

MEN'S SHOP

FINE APPAREL FOR MEN

Stamina and Good Style!

English Shoes

No need to impress you with the qualities of English footwear. Made from fine English calf leathers, soft and supple yet wonderfully tough . . . these new styles confirm the age-old skill of English bootmakers. They're recent arrivals — see them in the Men's Shop tomorrow. Black or brown in most of the wanted styles. Sizes 6 to 11 in the group.

Moccasins, pair 10.50
Manfields, pair 12.50
Lotus, pair 14.50

FREE PARKING WHILE SHOPPING

MEN'S SHOP
Civil and Military Outfitters

at EATON'S - COLLEGE STREET

Employment Rise Proves Less Than Seasonal

June is always a month of rising employment in Canada due to seasonal factors. This was again the case this year but the seasonal rise was less than normal in extent and the industries affected were different from those usually indicated.

Normally about 75% of the gains in employment reported by the Dominion Bureau of Statistics figures for June 1 each year is shown by non-manufacturing industries with the remaining quarter taking place in the factory group.

This year, however, the June 1 figures show 57 out of each 100 workers added to payrolls reported by firms in the non-manufacturing classes with 43 out of 100 going into factories.

Altogether at June 1 this year, 13,069 establishments reported a total of 1,718,329 workers, an increase of 43,566 persons, or 2.6%, from May 1. Industry absorbed an additional 18,809 persons in May, a number exceeding the average for any similar period since 1920 although smaller than that noted at June 1 last year. Nearly two thirds of the number of workers finding new jobs in May went into the iron and steel industries.

Since the war began in Sept., 1939, the general index of employment in Canada has risen 43.6%. This compares with a gain of only 14½% in the five immediate pre-war years and one of 28% in the period from 1921 to 1939. Wartime demands have meant a concentration of new jobs in manufacturing industries with factory employment up 78.6% since the war started and non-manufacturing employment up only 8.3%.

Wages Up More

Not only are there more people employed in Canada now than ever before but they are earning substantially more money. On the average each worker received $28.24 for his work in the week ended June 1 this year for eight leading industries. He received top wages if he worked in transportation with $34.64 a week and lowest wages if he was in the services group with $17.17, less than half that of the top group.

For the eight leading Canadian cities, the worker living in Windsor, Ont., had a long lead over his fellows, earning $39.97 a week as compared with $23.59 weekly for his fellow workers in Quebec City. By provinces, the 149,942 workers employed in British Columbia lead the list with average weekly earnings of $31.14 while Prince Edward Island's 2,078 industrial workers trail the list with $22.46 a week.

How the various cities, industries and provinces rank as to average earnings follow:

	Weekly Earnings June 1/42	Weekly Earnings June 1/41	Employ. Index (June 1/41 = 100) June 1/42
By Provinces:			
P.E.I.	22.46	21.55	99.9
N.S.	26.33	21.51	110.3
N.B.	23.73	22.64	108.2
Que.	26.43	23.73	116.2
Ont.	29.42	27.04	110.3
Man.	28.57	26.35	106.7
Sask.	27.35	24.77	103.6
Alta.	29.04	26.25	110.0
B.C.	31.14	27.26	120.0
CAN.	28.24	25.56	112.3
By Cities:			
Montreal	27.54	24.74	118.2
Quebec	23.59	20.53	124.2
Toronto	28.64	26.91	117.2
Ottawa	24.85	23.44	104.7
Hamilton	30.35	28.03	114.8
Windsor	39.97	38.21	121.4
Winnipeg	26.75	25.02	108.7
Vancouver	30.72	25.66	139.3
By Industries:			
Manufact.	28.79	25.83	122.6
Dur. goods.	31.78	...	133.2
Non-dur.	25.05	...	113.1
Elec. light	34.31	...	96.9
Logging	20.65	20.92	106.8
Mining	34.46	31.55	97.7
Communica.	28.01	26.94	106.9
Transporta.	34.64	31.95	107.3
Cons. & main.	25.32	22.29	88.4
Services	17.17	15.86	105.7
Trade	24.03	23.06	98.0
Finance	30.19	....	105.8
9 Industries	28.31	....	112.0

Earnings have risen from a combination of longer hours of work, including overtime payment, and steadier employment as well higher wage rates. Even although Canada's wage levels are frozen, there has still been large increases since the war started and cost of living bonuses are due for another rise this month.

This month, for the first time, a full year of comparable figures on earnings are available from the D.B.S. This indicates that the average weekly wage has risen almost exactly $3 for all industries since June 1, 1941. Measured by the index of aggregate payrolls, there is a gain of 25.6%, reflecting the double impact of greater numbers of workers and higher earnings per worker. During this same period there was a rise of only 12.5% in the index of employment.

U. S. Worker Earns More

Canada's employment index has risen faster than has that of the United States. While the Canadian index of employment in manufacturing only has been rising by 23.2% between June 1, 1941, and the same date this year, the comparable index in the United States has gone up only 9.8%. In the same period there has been a rise of 38.8% in aggregate weekly payrolls in Canada while those in the U. S. have risen by 33.7%.

This indicates that earnings of individuals have risen much faster in the U. S. than they have in Canada, the percentage increase in the per capita average being 12% at June 1 in Canada and 19% at May 15 in the U. S.

Several factors have contributed to this disparity such as more drastic legislation in Canada to control earnings, greater degree of dilution in labor existing in Canada where the war effort has been under way almost three years and probable greater representation of heavy industries in the U. S. data.

In the production of heavy manufactured goods, the Canadian index of employment has risen by 33% and the American index by 16%, while the reported payrolls have advanced by 53.6% in this country and by 43% in the U. S. Dilution of labor in Canada to a greater degree is indicated by the fact that in this durable goods class the average weekly earnings advanced 14% at June 1 in Canada compared with 19.7% in a comparable period in the United States.

New Coins Save Tons of Nickel

By STAFF WRITER

OTTAWA.—Canada's new 12-sided coin which will release between 60,000 and 80,000 lb. of nickel annually for war use, according to H. E. Ewart, Master of the Royal Canadian Mint. The coins, made of a new copper-zinc alloy, will be brighter and brassier than the one cent coin which is 95% copper.

The coins will be usable in pay phone machines and other mechanically operated devices. The design will be the same as on present coins. They will not be in general circulation for at least a month, depending on how quickly existing stocks of the present nickels are used up. The Mint issues between six and eight million nickels a year. Weight of both new coins and the old is approximately one hundred pieces to the pound. Great Britain has used a 12-sided coin for some years, the three-penny bit.

The War and Business . . .

Freight Subs' Next?

Will surface commercial craft in wartime completely disappear?

Recently the United States public has been aroused over the proposal to divert concentration on major ship building to the production of great freight carrying airplanes. Advocates of the air freighter idea argued that the Axis powers were sinking shipping much faster than it was being built and that the only way to overcome this handicap was to carry freight by air. The principal points of their argument were speed and immunity from attacks. There was little mention of limited carrying capacity and scarcity of gasoline to drive the air freighters.

Now the proposal comes from Herman Lake, 75-year-old U. S. submarine inventor, to build a fleet of freight carrying submersibles. He would have these carry 7,500-ton loads of freight—the standard wartime surface freighter carries 10,000 tons—and they would transport bulky cargoes like oil, tanks, guns. In other words they would supplement the fleets of flying freighters. The cost of these submersibles is estimated at a little over $2 millions each, and production, according to Lake, could be started in about six months with no tooling up of present submarine plants required.

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To Train Announcers

Radio stations are finding it more and more difficult to replace announcers who are enlisting for war service. To help meet this shortage the Ontario Agricultural College at Guelph is co-operating with the Canadian Association of Broadcasters in arranging a short course to teach the fundamentals of microphone technique.

For the past three years the O.A.C. Department of English has given training in radio broadcasting as a part of the regular course in public speaking.

The new war-time course for radio announcers will begin September 1 and continue until the 25th. It will be open to men over 18 years of age who are not eligible for active war service and also to women over 18 years of age. Applicants must have junior matriculation certificate or its equivalent, and those with college degrees will be preferred. The course will be limited to 25 students.

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Drop Aussie Profit Ban

Proposed limitation of company wartime profit to 4% in Australia has been abandoned, according to the New York Times correspondent at Canberra. There was widespread opposition to the measure by business generally, which pointed out that shareholders depending on dividend income would suffer seriously. It is estimated that there are over 300,000 shareholders in Australian companies whose income does not exceed £250 (approximately $1,000) and the proposal to limit their profits to 4% would have meant their income would have been halved.

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Exit Welsh Coal

Prospects of getting 500,000 tons of Welsh coal for domestic use in 1942-43 are rapidly dwindling. It is now considered doubtful if even as much as 200,000 tons will arrive during summer.

The steady deterioration in the shipping situation is, of course, to blame. There is a possibility that a little Welsh coal may come across during the winter to coastal ports. Last year Canada got 600,000 tons of Welsh anthracite.

Ottawa officials are still quite in the dark as to what is going on in the uncommunicative recesses of the Oil Control office stationed at Toronto.

By train, Toronto is just an overnight run from the capital; by plane or telephone the Queen City is even nearer. But most of the time this particular department of Canada's wartime control moves in its mysterious ways with little regard for departmental offices at Ottawa which are concerned with similar problems.

The latest statement from Toronto suggests to Ottawa that there will be little or no conversion of domestic fuel oil units this winter. It is felt that if the matter is left to the individual the natural thing will be to do nothing. Especially since in a rented house it is the tenant which must accept (legally) the cost and responsibility of conversion.

• • •

Costs Climbing

One large Canadian institution which has had a great many of its male staff join the armed forces is understood to be finding it necessary to hire two women to replace every man released. Since this organization has undertaken to contribute to the income of its men in the armed services, it is finding this combination of developments, plus the new budget, pretty severe.

• • •

Hope They Mean It

Canadian business is taking for granted that wartime officials will be able to stand behind their assurance that where the government gives an okay, there won't and can't be any action under the Combines Act.

The present cost-cutting and simplification drive in some cases involves situations in which industries might conceivably arouse the suspicions of a Combines investigator, especially of the American Thurman Arnold type. Officialdom here says that when it gives the go-ahead signal for some form of co-operation or co-ordination within a whole industry, that everything will be all right.

• • •

Fat of the Land

This war is discouraging for the Chief Salvage Officer of the Comptroller of the Treasury (there is such a man). Due to educational work and better training of cooks, the Special Committee on War Expenditures heard that much fuller use is being made of fats—that less fat goes into salvage. It was stated that the men are now getting about 91% of the full value of their meat and fat ration through the use of these fats in making sausages, bologna, chopped meat dishes, the making of pies, cakes, etc. Some camps are making their own soap out of what is left over.

But, concluded the report: "The Committee feels that more can still be done toward securing profitable disposal of swill."

• • •

Behind Soap Move

Last March W.P.T.B. applied maximum wholesale prices on soap in order that retailers would be assured of replacement costs. Subsidies were paid manufacturers in certain lines to maintain the reduction involved. But the thing was not just as simple as that. Traditional buying policies throughout the industry were upset. Industrial users found that they could buy cheaper from wholesalers than their usual sources. To restore the situation W.P.T.B. the other day revised the order omitting liquid, granulated and other largely industrial soaps from the special arrangements.

• • •

Reward Offered

A true story from Vancouver. The incident took place last year when this phase of life was so very, very simple—in comparison.

After this lady had completed, with much ladylike perspiration and anguish of soul her income tax forms, she left them on her desk together with the cash for the first payment. It had been most of a week's work for her. Done, she left forms and cash on the desk and went to a movie.

Back from the movies, she found both cash and forms gone. In desperation, she asked a radio station to make this plea:

"You can keep the cash, but please return the forms."

• • •

No Tire Grab

Why are the tires not being taken off non-essential "pleasure" cars to help ease the rubber shortage? That was a question raised at a hearing of the Special Committee on War Expenditures. The answer was news for most.

"The bulk of the rubber in a tire for reclaiming is not in the tread but in the carcass and side walls on which there is little wear. After the tire is worn off 80%, there is as much reclaimed rubber secured as would be secured if the tire was taken when new. As most tires when thrown aside are only partly worn, the average loss is about 10%. If these tires are taken now, there is no place in Canada where such a quantity could be stored under protection from sun, rain, wind, dryness and so on, and the loss from the ravages of time in reclaim value would be as much as the loss in reclaim value would be by running them. It was therefore thought advisable to leave these tires on the cars as a reserve source." Such was the official answer.

• • •

Cigarettes Pour Overseas

Over a million cigarettes have been sent to employees of the Shawinigan Water & Power Co. now on active service overseas. Out of a total of 180 employees who have signed up, some 52 are either overseas or on active naval duty. When a man joins the latter group, employees of the company send him 300 cigarettes or one pound of tobacco on the 1st and 15th of each month.

In addition it is found possible every second month to ship 81,000 cigarettes overseas for distribution to a number of Quebec regiments. They go to the Royal 22nd Regiment, Three Rivers Tank Regiment, Les Fusiliers de Mont Royal, Royal Montreal Regiment and the Black Watch. The quantity is sufficient to provide each member of these five regiments with a packet of 20 cigarettes.

See New Developments In Manpower Policy

Pressing demands from the military and essential war industries are bringing into sharper focus the picture of Canada's manpower programme. Up to now, the routing of men and women to their wartime tasks has been largely on an informal basis. The National War Service Board has made its selections for the army draft, but the National Selective Service Board has so far operated largely in a record-keeping capacity.

A new and intensified policy is now understood to be in the making at Ottawa.

Shift Workers

The programme will probably mean extensive shifting of workers from one employment to another. Even this may not be sufficient. It is held that army and vital industrial needs may be met only by extending the age limits for war services, using more women, older men and handicapped people in industry and cutting down employment in non-essential industries.

To leave as many men as possible free for military duty and industrial work which only they can do, it is likely that an even heavier accent will be placed on the use of womanpower. This would be attended by establishment of day nurseries across the country to care for children while their mothers are at work.

Thousands of men have been barred from military service by remediable physical disabilities. Treatment of such cases is expected to restore sizeable numbers to the higher categories.

Approval to Change Job

Extension of control over our manpower is likely to mean that very shortly a person may have to have a certificate of approval under the Control of Employment Order, before he can be hired by any employer. It is also expected that no employer may discharge an employee, nor may an employee quit his job, without giving due notice in writing, with a copy of the notice going to the nearest employment office, and a subsequent investigation by selective service officials.

While the plan envisages shifting of workers to meet pressing needs in certain areas, steps are to be taken to eliminate voluntary migrations. An effort will be made to level out wage inequalities existing across the country, as a contribution to greater stability of labor. It is understood that hours of labor are being given immediate attention.

Expansion of vocational training on a vast scale is expected to make available a further substantial number of men and women workers.

More in Government

To carry out the programme in all its far-reaching scope, it is probable that thousands of new government employees will have to be engaged and trained. The current system of registration as to numbers and classification must be maintained and expanded. To handle large-scale shifts of worker population there must be a multitude of details worked out in advance. Work of the government's employment service will be greatly broadened. It is thought likely that the programme will get down to such details that the insertion of "Help Wanted" advertisements in newspapers, or their display on placards, will be permitted only through the National Selective Service.

NEWFOUNDLAND IRON

Exports of iron ore from Newfoundland to England have fallen off due to lack of shipping space. However, the decline has been partly offset by the increase in the quantity of Newfoundland's ore taken by the steel mills at Sydney, N.S.

Staff Changes

The Royal Bank of Canada announces the following staff changes:

D. FISHER to be manager, Debert Military Camp, N.S.

W. E. McLAUGHLIN, office of the assistant general manager, Toronto, to be assistant manager, London, Ont.

R. I. C. PICARD, assistant manager, Toronto, to be assistant manager, Windsor.

A. B. WHITE, assistant manager, London, Ont., to be assistant manager, Toronto.

F. C. SPICER, accountant, Orillia, Ont., to be accountant, Fort Erie North, Ont.

• • •

The Bank of Toronto announces the following staff changes.

W. R. TOPHAM, formerly accountant, Hodgeville, Sask., to be manager, Hodgeville, Sask.

G. KAY, manager, Hodgeville, Sask., to be manager, Kipling, Sask.

JAS. MILMINE, manager, Kipling, Sask., to be manager, Coldwater, Ont.

W. H. HALL, manager, Coldwater, Ont., transferred to head office inspection staff.

H. DESROCHES, accountant, Rosetown, Sask., to be manager, Oven, Alta.

C. H. LANGRIDGE, manager, Oven, Sask., to be manager, Meyronne, Sask.

R. H. WILSON, manager, Meyronne, Sask., to be manager, Assiniboia, Sask., succeeding M. L. MAGEE.

• • •

The Bank of Nova Scotia announces the following staff change:

R. E. ROSS, to be accountant, New Waterford, N.S.

Insurance Notes

W. C. Butler has been elected president of the Toronto Insurance Institute for the 1942-43 term. Mr. Butler is manager for Canada of the Pearl Assurance Co. Hon. Gordon C. Conant, attorney-general of Ontario, and minister in charge of the Ontario Department of Insurance, has been elected honorary patron, and John Fanning assistant manager for Ontario of the Employers' Liability Corp., honorary president.

Vice-presidents elected were:

A. J. MYLREA of Reed, Shaw and McNaught.

N. J. ROSS, Union Insurance Society of Canton.

F. L. WAYLETT, London & Lancashire Insurance Co.

JOSEPH H. KING is secretary.

Food Price Rise Forces Bonus Increase

Extra 60 Cents Weekly Added to Cost-of-Living Bonus Aug. 15

Increases in food prices have forced the first adjustment in cost-of-living bonuses since establishment of the price ceiling. The Dominion Bureau of Statistics cost-of-living index at July 1 stood at 117.0, up 1.3 from June 1 and 2.4 from October 1941.

Bonuses are adjusted quarterly if the index has advanced or declined at least one point. This is the first adjustment since October and means that an increase in weekly bonus payments of 60 cents a week will become payable to employees Aug. 15. This payment does not apply to all women earning less than $25 a week and men under 21

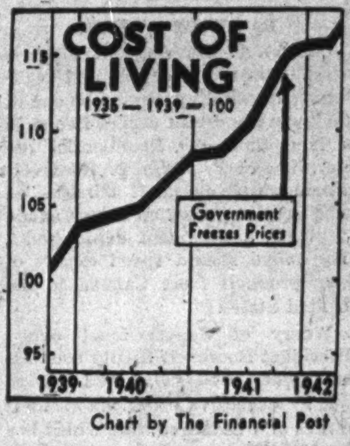

Chart by The Financial Post

earning less than that amount, who will receive an additional 2.4% of their basic wage rate.

Employers not paying a bonus now must start payment effective from the first payroll on or after Aug. 15.

It is unofficially estimated that the boosted cost of living payments will add well over $1 million to the weekly Canadian payroll.

Commenting on the increase in cost of living, Donald Gordon, Wartime Prices and Trade Board chief, attributes 90% of the gain to increases in food prices, with beef and potatoes alone accounting for 87% of that figure. The situation here has presented one of the most important problems the WPTB has yet had to face, as special circumstances increased the effect of normal seasonal fluctuations. Mr. Gordon expects that by Oct. 1, the greater part of these seasonal movements will have been reversed and the cost of living index will be closer to what it was last October, prior to establishment of price ceilings.

Civil Service Bonuses

The Civil Service Commission has announced a sharp increase in bonuses payable to Dominion civil servants—from the present $11.91 a month to $18.42. Civil servants were granted a bonus of 25 cents a week for each 1% increase in the cost of living, if they earned $108 a month or over, or if they were heads of households earning less than that. Bonus to those earning less than $108 and not being household heads was fixed at 1% of total compensation for each 1% rise in cost of living. The order provided for an increase in the bonus if the cost of living rose 5%. There has been an increase from 11 to 17% in the cost of living during the past year, and on this basis increased bonuses have been ordered. The civil service increase from 11 to 17% is retroactive to Aug. 1.

New Phase For Inflation Fight

(Continued from page 1)

$250 millions in January, 1941. It was also a short-term security maturing July, 1943, carrying an interest rate of 1½%. Subsequent transactions affecting purchase and transfer of other government securities in the bank portfolio have reduced this borrowing by about $50 millions making the "net" increase in government bank borrowing since the beginning of the war about $400 millions.

Significance Weighed

The degree to which present bank borrowings of between $400 and $500 millions may be described as inflationary, depends in large measure on the relation of this amount (and of current new borrowings) to government financing as a whole.

Between March, 1939, and March, 1942, total governmental expenditure in Canada has been approximately $3.8 billions against which about $2.9 billions has been collected in taxes and revenue, leaving a deficit of about $900 millions. Another $1.7 billion had been subscribed through sale of war savings certificates and in the first and second Victory Loan campaigns.

Allowing for the difference in cash balance on hand at the end of 1942 (nearly $700 millions) it will be seen that Canada had in that period more than balanced her accounts without resort to bank borrowing.

The "accommodation" of $400 millions from the banks in the first two and a half years of war and at a time when total bank deposits and business turnover were rising rapidly, can have had little, if any, inflationary significance.

HOLD HIGH THE TORCH OF FREEDOM

Manufacturers Of War Material BORROW TO SPEED PRODUCTION

Manufacturers, who need funds to increase their speed in fulfilling Government contracts, are invited to discuss their requirements with the manager of our nearest branch office.

Borrowing to pay wages or to buy raw materials for making war supplies of great variety is an everyday transaction at the Bank of Montreal.

BANK OF MONTREAL
"A Bank Where Small Accounts Are Welcome"
Modern, Experienced Banking Service... the Outcome of 124 Years' Successful Operation A117

Your Favorites in **Outing Slacks!**

8.75 Gabardine and Air Cord — First choice for comfort, wear and well-groomed appearance. Waist sizes 30 to 46. Pair 8.75.

4.85 Open-Weave Tropicals —Ideal for general sports and week-ends at the cottage. Fine, lightweight tropical, in medium grey. Waist sizes 30 to 42. Pair 4.85.

4.25 Washable Fabrics — Slub linens and basque cottons, all "Sanforized Shrunk". Oyster, tan, sand or brown. Pair 4.25.

Simpson's

Phone Orders Filled On All Items—TRinity 8111
Simpson's—The Store For Men —Second Floor.

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TIN FOUND IN MARITIMES

An occurrence of tin has been found in New Brunswick at Burnt Hill Cliff on the South Miramichi River. The deposit consists of quartz veins and aplitic and greisen dykes cutting sedimentary rocks near a body of granite. In Nova Scotia tin has been found in two localities, one at New Ross, Lunenburg County and the other in Queens County. These deposits are now attracting interest because of the wartime tin shortage.

SCHOOLS AND COLLEGES

BRANKSOME HALL
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Junior and Honour Matriculation—Nursery, Kindergarten and Junior School—Art—Music—Household Science — Secretarial Course — Swimming Pool—Skiing at School Farm.

School re-opens Sept. 9th
For illustrated calendar write the Principal
MISS EDITH M. READ, M.A.

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An exceptional boarding school for boys

Chapel—modern buildings—219 acres of unsurpassed grounds—swimming pool—dramatics—music—cadet corps. Sound preparation for University, up to Honour Matriculation. Small classes; individual instruction. Carefully supervised games and recreation. Primary Department for boys six and over. Moderate, graded fees. For prospectus please write to the headmaster; J. C. Garrett, M.A.

FOUNDED 1899

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Trinity College School PORT HOPE ONTARIO
Founded 1865
Philip A. C. KETCHUM, M.A., B.Paed.

A BOARDING SCHOOL IN THE COUNTRY— for Boys from 8 to 18 years. A limited number of vacancies will be open in September 1942 — applications should be made without delay.

Michaelmas term begins on September 14th.
Full information will be gladly sent on request to the Head Master.

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Canadian Residential School for Boys—Founded 1889

A large number of valuable Entrance Scholarships, Bursaries and Leonard Awards are available every year in both Upper and Lower Schools.

Courses leading to Pass and Honour Matriculation. A special course for boys entering business life.

Beautiful Memorial Chapel
Unusual facilities for splendid physical development
New gymnasium — Swimming pool — Squash courts — Tennis courts
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Lower School for boys 8 to 14 — Upper School for boys 14 to 18
SCHOOL RE-OPENS TUESDAY, SEPTEMBER 8th
A prospectus and full information sent on request
H. C. GRIFFITH, M.A., LL.D., Headmaster

This Week The Financial Post Asks

Should Parliament adjourn for six months as planned or sit more often in this emergency?

Georges Belleau

Vice-president of the Caisse d'Economie de Notre Dame de Quebec, Quebec.

Under present conditions I would consider it too long to adjourn Parliament until January. I would favor regular monthly meetings besides urgent meetings in case of emergencies.

* * *

F. O. Creighton

Well-known businessman of Woodstock, N.B.

Having regard for the waste of valuable time, energy and expense involved in many fruitless debates of closing session serving no useful purposes, I believe adjournment subject to recall as developments warrant will best serve the national interests. This will permit the government as well as private members to concentrate attention and energy toward the war effort as the opportunity presents itself.

* * *

Alex. Crocket

The Daily Gleaner, Fredericton.

Parliament has been in session for seven months. Many and varied have been the subjects dealt with in this wartime session. Decisions of major importance have been made which for years will affect all persons as do political matters in their constituencies.

National unity in this time of stress is of the utmost importance to Canada and should be fostered by all shades of politics. Personal contact means much. It requires time. Few can foretell what the future will require. Parliament can be assembled in a few days should it be deemed necessary before January.

* * *

L. B. Calnan

Editor and manager the Picton Gazette, Picton, Ont.

Concerning expectation of parliament adjournment to January, my impression is that the present tendency toward government by order-in-council denies effective *functioning of parliament.* If *government* by order-in-council is *continued,* whether parliament sits is not a matter of vital concern for its immediate usefulness to the war effort.

Under a changed condition in which parliament shares governmental responsibility, and under a condition in which constructive criticism in parliament receives some other answer than the allegation by government spokesmen that critics are unpatriotic, I would consider there is much reason for parliament sitting continuously as long as conditions continue critical.

* * *

E. V. Donnelly

Editor and publisher the Herald, North Toronto.

I do not believe that any possible good purpose could be served by lengthening the present session of Parliament. In fact I believe the majority of Canadians will be delighted to know that the spasm of protracted sharp-shooting is being terminated. The government can function much more efficiently if they are not interrupted at all hours by the cries of the political wolves at their door.

* * *

Hon. S. S. Garson

Provincial Treasurer, Manitoba Government.

Under our system of government a minister of the crown is the executive head of his department and is also its spokesman in Parliament. Particularly under the strain of war it is difficult if not impossible for him to do both jobs at the same time with a maximum of efficiency.

The longer Parliament sits the more time the minister must spend as spokesman and the less time he can devote as the executive head of his department. The less time and attention that ministers can give to the executive work in their departments the worse for the war effort.

Therefore during a period when a tremendous burden is thrown upon the executive branch of the government Parliament should not sit one moment longer than is necessary to preserve and discharge its traditional functions.

E. S. Hudson

Editor, the Banner, Listowel, Ont.

With the uncertainty of the times abroad and possible emergencies at home it would hardly seem wise in our opinion to adjourn Parliament for a period of six months. Too many things are at stake that may need the immediate attention of the government and delay would occur if Parliament had to be summoned. We believe if the House met every two months at a set date that the necessary business would be handled satisfactorily.

* * *

Geo. W. James

Editor, the Statesman, Bowmanville, Ont.

The principle of Parliament meeting frequently is desirable particularly in time of war, but the vast area of Canada makes this impractical. The way the present government is carrying on by cabinet orders-in-council, even edging on insistent dictatorship by the premier, makes members nothing more than toy soldiers wasting their own time and the overburdened taxpayer's money.

The claptrap printed in Hansard is further proof of lack of constructive ideas. Most speeches in the House by members are only eyewash intended for innocent electors back home but it doesn't go over in wartime. It is regrettable that representative government has given way to the party first policy as shown by the Premier's constant desire for a vote of confidence.

Canadians are still waiting for dynamic and courageous leadership from Ottawa, especially a war council to co-ordinate all departments in a planned programme.

* * *

H. D. Langlais

Member of Quebec Legislature for the Magdalen Islands.

The actual government does not have to sit indefinitely if it persists in considering its deputies as "rubber stamps." A democratic government will answer the nation's aspirations by its deputies and those should be consulted every day on any vital questions whenever it is for the defense of our country. They should also be informed of any important emergencies which may occur, even if it is necessary to sit in secret for these questions.

Canada's whole population, soldiers, air force and navy men require a total and sustained effort from our legislators so that they can, in turn, make every indispensable effort for the victory.

* * *

C. Campbell McLaurin, K.C.

Of the legal firm of Fenerty, McLaurin, Fenerty & Bessemer, Calgary, Alta.

I see no occasion for a continuous sitting of Parliament. With the transportation facilities available throughout Canada in the event of an emergency, it could convene over night. Moreover a continuous sitting would involve substantial expense and consideration would have to be given to an increase in the indemnities paid members.

Furthermore the war ministers are worked to the point of exhaustion when the House is sitting and require long recesses for the efficient management of their departments.

* * *

Hon. R. L. Maitland

Attorney-General in Present Coalition Government in British Columbia and Leader of Conservative Party.

I consider adjournment until January too long. The war is our biggest job and there is a continuous duty resting upon the government and Parliament as well. The war is not a party job, it is the job of all parties. Under the present set up the views, decisions and expenditures are those of the party in power only and more frequent sittings would allow further participation representative of all Canadians.

It is my opinion that a national government only can function satisfactorily at this time. All parties would thereby share in the responsibility and contribute to our war effort.

* * *

Hon. Murray MacLaren

Former Minister of Pensions and Health in the Bennett Government, Saint John, N.B.

Arrangements should be such that it would allow for the calling of Parliament at short notice whenever considered expedient.

* * *

R. J. Sanderson

Editor, the Tribune, Minnedosa, Man.

At a time when many of us are unable to take even a brief holiday it is surprising that Canada's No. 1 business—Parliament—proposes laying off for a six month period. Surely the business of conducting an all-out war calls for every effort the nation's leaders can put into it. It is no time for a part time job. Sittings should be more frequent if not continuous and every member of Canada's Parliament should have a year-round job and be on the job the year round.

Says New Inventions Enhance Forest Value

G. P. Burchill, president of the Canadian Forestry Association, expects that the value of timber resources will be greatly enhanced by wartime developments.

"The inventiveness of wartime," he recently stated, "is producing many new and unsuspected products from the shaft of a tree. Every acre of woodland is only now starting to come into its own, and this country is only in the primary stage of forest growing and forest utilization."

He warned that the trees destroyed by fires this year will be "paid for 10 times over in the forfeited revenues and the lessened employment of the years ahead."

New Books . . .

Inflation 1812-1836

DOCUMENTARY STUDY OF PROVINCIAL FINANCE AND CURRENCY 1812-36. Prepared by J. S. Martell under direction of Dr. D. C. Harvey. Bulletin of the Public Archives of Nova Scotia, Halifax. Price 50 cents.

Problems of public finance are always with us. In the quarter of a century that opened with the War of 1812 Nova Scotia had more than its share of difficulties over public finance. The problem that faced the government in the period covered by this study was how to make the provincial paper less readily redeemable as circulation increased and with it the cost of maintaining the credit of the notes. The experience of the government of those days in endeavoring to control inflation makes interesting and informative reading. The Bulletin provides a valuable and timely background of historical information on a subject which is developing into a vital matter for the government of today.

Planning—It's Wonderful

FOR A BETTER POSTWAR AGRICULTURE, No. 11 in the series "Planning Pamphlets" of the National Planning Association, Washington. Price 25c. (U. S.).

This 50-page pamphlet is packed with facts, but its main task is to outline work that it thinks should be done to improve the lot of the farmer and to preserve nature's endowment to the people of America.

It discusses matters like care of crop land, of range lands, the use and conservation of forests. The last half of the little book sets forth in roseate hues some of the things that it says should be done and which would result in better farm homes, food, health, education and community life.

Very laudable as the aims are and necessary as planning is, the reader is bound to get the feeling, however, from this presentation that, mixed with all the benefits and beauties of the rural life as remade by these planners, some of them would like to include prohibitions, perhaps against spitting off the back stoop.

Highway Transport

OFFICIAL ONTARIO SHIP BY TRUCK DIRECTORY, 1942 edition. Published by The Automotive Transport Association of Ontario, Toronto. Price 50c.

Highway transport is a big and important business, playing an important part in movement of war materials and supplies, as well as serving ordinary civilian needs. The Automotive Transport Association of Ontario each year revises its directory of highway transport services available in Ontario. This year's edition contains information for shippers of freight as to what transport companies serve a list of more than 2,000 communities.

Threat to War Output

WILL ELECTRIC POWER BE A BOTTLENECK? by Louis Marlio. Published by The Brookings Institution, Washington, D.C. Price 50c.

Deficiency in electric energy in the United States "will be considerable." This deficiency can be overcome only by the expenditure of great technical effort and through the complete collaboration of government industries and population. This is Dr. Marlio's contention, arrived at following adoption of a new basis for estimating potential power requirements of the war effort and non-war use in the United States.

Dr. Marlio's method is based on the manpower potential of the United States and the electrical power involved in full employment of this potential with allowance for varying requirements of different types of industry. He makes allowance for the shift from peace to war work; assumes an increase of about 20% in number of wage earners in general manufacturing industries from January, 1942; an increase of an hour daily in the length of the work day; and an increase of 7.5% in degree of mechanization of war factories. For electrochemical and electrometallurgical industries, he bases his estimates on power consumption per unit of projected and actual production.

His conclusion is that by 1944, assuming the war lasts that long, requirements for electric power will be about 50% over that of 1941 and that the peak in 1945 will mean another 8% gain.

A Banking Service Geared To War Needs

Because of its 86 years' banking experience, The Bank of Toronto is able to offer, not only complete banking facilities, but also the broad and intimate experience which this bank and its officers have had with many lines of business.

This experience enables The Bank of Toronto to be a valuable consultant and source of useful information on many economic and financial problems that arise in the business world. You will find this type of banking service particularly useful in solving many vexing wartime problems.

THE BANK OF TORONTO

Incorporated 1855

13-42

Someone Else's Plant . . . .

THIS plant, wrecked by power out of control, is fundamentally the same as your plant. Accidents *can* happen to *your* boilers, generators, turbines and unfired pressure vessels, too. But they are much less likely to happen in plants where the engineering equipment is insured by the Boiler Inspection Company.

That is because the Boiler Inspection Company believes in *prevention* — and acts on that belief. When your engineering insurance is placed with the Boiler Inspection Company, this company not only underwrites the risk, but it also reduces that risk to a minimum. The company maintains a field force of more than 40 trained trouble shooters — men whose whole time is spent detecting possible accident causes before accidents happen.

Canadian business and industry recognizes the value of this specialized insurance by paying to the Boiler Inspection Company more than half the total premiums paid to all 23 companies writing this class of business in Canada. Ask your insurance agent or broker for details.

The Boiler Inspection and Insurance Co. of Canada

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THE COMMERCIAL TRAVELLER today is doing a full time job for Canada. In days of peace his major job was the selling of goods. Now, it is his responsibility to see that wartime regulations and restrictions are understood and efficiently carried out.

His wide experience helps retailers function efficiently under trying conditions. His aid in the equitable distribution of rationed goods is invaluable and a definite insurance against shortages in isolated and rural areas and a check to panic buying and hoarding.

His keen judgment is at the disposal of the purchasing agents of rapidly expanding plants. He devotes much time to the problems of conservation so that the life of existing equipment may be prolonged and replacements curtailed. His ingenuity in suggesting alternatives for non-available standard materials averts many a production crisis.

Yes, the salesman today works for Canada, shepherding his territory so that *all may share alike in the goods that are available,* interpreting government regulations and policies from one end of the Dominion to the other.

The NATIONAL COMMITTEE of CANADIAN COMMERCIAL TRAVELLERS

— Member Associations —

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Ideas Can't Be 'Bought For Burial' Under Canadian Patent Law

By IAN SCLANDERS

At Washington lately, trust-busting politicians have fired heavy salvos of allegation and innuendo at hearings of the Senate Patent Committee, made front page news, created a widespread impression that patents are put to dark and sinister uses.

The echo of their blasts, heard on this side of the border, has prompted questions about patent practices in Canada. In this country, is it possible to buy patents to keep inventions off the market? Has information been kept from the government about manufacturing processes developed in Germany?

These are two of the questions pointed up by the Washington hubbub. According to Canadian patent attorneys the answer—in both cases—is "No." They cite the fact that our Patent Act, in 1935, was given the same overhauling the U. S. Patent Act is getting now.

Most important of the amendments being considered at Washington is a provision which states in effect that if a patent holder doesn't put his invention to commercial use within three years any interested party may apply for a license to use it.

We've had that clause in Canada for seven years.

It is thus impossible, in Canada, to shelve a worthwhile invention for more than three years from the time the patent is issued, although the life of a patent is the same in Canada as in the U. S. —17 years.

Our patent attorneys laugh when asked whether it's true that oil companies have bought up gasoline-saving devices to keep them out of circulation, that moving picture people have bought patents to tie up television so it won't come into general use.

It's their opinion that few inventions which would make any substantial contribution to progress have ever been purchased and shelved by interests which wanted to protect their own products.

Such patents as are acquired to prevent the manufacture of new inventions almost invariably cover devices no better, no worse, no cheaper to produce, than parallel devices already being sold.

Say, for instance, that a man is manufacturing a particular type of can opener. Some one patents a type of can opener which would be a competing product but is not superior and cannot be made cheaper. In this case the established manufacturer might buy the patent on the basis of its nuisance value. He would not manufacture it because, since it was no better, no cheaper, than his own device, there would be no reason for doing so.

If it were a better device than his own, he'd soon put it into production. If he didn't, in three years, under our Canadian law, another manufacturer could.

In actual practice, applications for the privilege of using idle patents after the statutory three years are few and far between. The obvious conclusion is that if the patent of an invention has been on file for three years, and the invention isn't being worked, its commercial value is negligible.

U. S. Law Changes

Lacking the three-year proviso we have in Canada, the U.S. Patent Act, according to the trust-busters, lends itself to all kinds of abuse by giving the patentee the legal right to deprive the public of the benefits of an invention for 17 years.

They are not very specific about cases.

Their opponents, fighting against adoption of the amendment, hold that three years is not usually enough time for an inventor to find financial backing and put his device into production. Their view is that the change may cause great injustice.

Canada had a taste of the same controversy back in 1935, when our own Patent Act was being revamped. The three-year clause was carefully worded so as to give the inventor a maximum of protection but at the same time to assure that valuable inventions are not bought and buried.

The principle behind patents is that an inventor shall be rewarded for his brainchild, provided he is willing to give it to the public. When he applies for a patent, he puts details of his invention on file in a government office.

The reward he gets is an undertaking by the state that for a statutory period he will have the sole right to manufacture, use or sell his device or process, such device or process to become public property, to be manufactured or otherwise used by anybody, at the end of that time.

Seventeen years in Canada and the U.S., the period is 16 years in Great Britain, 20 years in France.

The buying of a patent to keep an invention from being worked is defended by many on the grounds that a patent is a property right. It is argued that for a manufacturer to buy the patent of a competitive product is just as legitimate as for a householder to buy a lot adjoining his own, to keep another person from building on that lot and obscuring the view.

International Code

There are international patent conventions to which all countries subscribe. Under these an inventor, theoretically, is a citizen of the whole world for patent purposes. A Frenchman or a Norwegian can obtain from the U.S. patent office the same rights and privileges which could be claimed by an American.

An odd thing is that up to a point these conventions even apply between enemy countries in wartime.

The London Economist recently noted that: "Under powers deriving from the Trading with the Enemy Act, 1939, the (British) Board of Trade has issued general license authorizing the payment to an enemy of fees in respect of the grant or renewal of patents in enemy territory, or the payment on behalf of an enemy of fees in respect of the grant or renewal of patents in any country not being enemy or neutral territory."

The fees mentioned are not to be confused with royalties paid for the use of patents, which in such a case would be held by the custodian of enemy property.

In some countries, including Britain and Germany, it's necessary to pay an annual "renewal" fee to keep a patent valid for its statutory life. Some such fees have gone from Canada to Germany since the war started; fees have come from Germany to pay for the issue of patents applied for before the war.

While there would be endless ramifications, a German could still apply for a patent in Canada, and a Canadian for a patent in Germany.

Just lately in the United States, President Roosevelt ordered that all patents directly or indirectly owned by enemy nationals be seized. This followed charges that there had been delay in making some such patents available for war industries. Before the U.S. entered the war, the Germans took what steps they could to protect their patents in America. Many of these were assigned to private individuals of American citizenship. The president's order was broad enough to meet this situation.

Enemy Patents Rule

Canada, at the outset of the war, placed patents owned by enemy nationals under the custodian of enemy property, who receives the royalties paid for their use.

The payments are held in trust for the duration.

German property rights, as regards patents, are still observed in Canada. A Canadian wanting to use a German-patented device or process has to apply to Ottawa for a license to do so, and pay reasonable royalties to the custodian. So far as can be learned the Germans are also living up to patent conventions. This is easily understood, since they have more at stake in the patents they hold in other countries than the other countries have in the patents they hold in Germany.

In Canada, the Patent Act gives the government authority to take over any patent at any time, allowing the patentee reasonable compensation, and some of the provisions in the regulations relating to enemy property and trading with the enemy cover the seizure of enemy patents. Then, in the Defense of Canada Regulations, a section was included giving the Minister of National Defense the power, for the efficient prosecution of the war, to require any person to provide information about any device, design or process.

Under this last proviso, a Canadian company with a particularly good process for tempering steel, say, might be compelled to make it available for the use of other plants to speed war production.

Patents Traded?

Much of the controversy at the Senate Patent Committee hearings at Washington has hinged on assertions that certain American industrialists traded the Germans patents of great value in wartime for patents of little or no value from the standpoint of national security.

In most cases the shoe was on the other foot—if anybody sold their country out it was the German industrialists. If Americans hadn't made deals with the Germans, we would be without valuable formulae for making synthetic rubber. There would be no plexiglas for American aircraft. From Germany came the processes for making cemented tungsten carbide, an alloy used in the cutting edges of machine tools and a big factor in speeding war production. And from Germany came processes for toluol, tetrazene, fine optical glass, beryllium.

Through the U.S., Canada has the benefit of these processes. Any patents the Germans may have got from Canada in prewar days would be insignificant in comparison with what we got from them, directly or indirectly. It's doubtful if there's a patent attorney in the country who hasn't papers in his files relating to German patent applications.

Canada issues 7,500 or 8,000 patents a year, probably 90% of them to nationals of other countries, chiefly Americans.

A large number of those most important to us now, because of wartime shortages, were issued to German patentees. Poor in natural resources, the Germans took the lead in developing substitute materials.

According to C. H. Riches, of Toronto, one of Canada's leading patent attorneys, it might be well worthwhile for the government to circularize the patent attorneys of the country, asking what inventions they have in their files which they think might be of value in the present emergency, particularly those that might have a bearing on specified phases of manufacturing.

Mr. Riches points out that the business of the patent attorney is about 25% law, 75% engineering, so that members of the profession would be capable of estimating the engineering merits of devices or processes whose inventors they have represented. Patent attorneys in Canada have their own organization, the Patent Institute of Canada, of which A. E. MacRae, Ottawa, is president.

Significant Investors' Index Numbers

No. of Securities	Mach. and equip. 8	Pulp and paper 7	Milling 3	Oils 4	Textiles and clothing 10	Food and allied prod. 12	Beverages 7	Bldg. mater. 15	Power and traction 15	Banks 8	Total utilities 19	Total co's. 95
(Base 1935-39=100)												
1929-41:*												
High	345.7	564.5	322.3	212.5	168.2	123.2	163.1	202.1	297.5	160.9	329.3	180.5
Low	68.5	59.8	63.4	46.5	76.0	76.9	67.0	71.2	60.3	83.6	65.2	63.9
1942: Monthly Figures:												
Jan.	74.3	71.9	74.5	45.9	112.8	88.7	99.2	75.1	64.4	91.1	70.4	66.8
Feb.	73.4	69.3	69.7	43.6	108.7	85.5	96.3	73.9	62.1	91.1	67.7	64.7
Mar.	69.7	66.1	70.9	41.2	104.3	75.8	92.8	74.0	62.0	89.4	67.5	62.3
Apr.	70.6	63.2	69.6	41.4	102.4	74.3	93.0	75.4	60.1	88.4	66.3	61.1
May	74.7	61.1	70.5	43.2	104.3	73.5	94.2	78.7	63.4	87.5	68.6	62.0
June	76.2	61.1	69.6	44.5	106.8	73.9	93.6	76.8	64.3	87.7	68.1	62.8
1942: Weekly Figures:												
July 2	75.2	59.1	65.8	43.3	102.7	72.4	92.4	75.7	62.9	87.4	65.5	61.2
July 9	77.5	59.9	69.8	47.4	102.2	78.4	95.3	76.3	62.5	87.4	66.9	63.6
July 16	77.1	59.5	68.5	46.5	101.8	75.4	95.2	75.7	62.0	87.2	65.8	62.4
July 23	76.0	58.8	63.2	46.2	100.3	75.8	95.7	75.3	63.3	86.6	65.0	62.0
July 30	75.5	57.2	61.6	46.4	97.1	76.0	95.9	73.9	63.7	75.6	67.3	61.4

*High and low for years from 1929 to 1941 inclusive are based on weekly figures issued by Dominion Bureau of Statistics. For 1929 to 1938 inclusive the base is 1926=100; for 1939 and subsequent years the base is 1935-39=100.

Toronto Stock Exchange Index

	20 Indust.	20 Golds	10 B.M.	15 W.O.
Aug. 4	84.29	61.70	59.82	15.66
Aug. 3	Holiday			
Aug. 1	84.02	61.70	59.82	15.66
July 31	84.05	61.63	59.74	15.68
July 30	83.51	61.53	59.72	15.61
July 29	83.75	61.62	59.46	15.71
Month ago	83.50	64.88	60.27	16.04
Year ago	94.05	101.97	80.58	19.51
High 1942	93.50	83.71	71.01	18.96
Low 1942	79.85	61.04	59.44	13.71

Montreal Stock Exchange Averages

	10 Util.	10 Ind.	10 Cnd.	10 Pprs.	15 Golds
Aug. 4	43.6	53.8	50.4	52.38	39.43
Aug. 3	Holiday				
Aug. 1	43.1	54.0	50.3	51.77	39.30
July 31	43.2	53.9	50.3	52.15	39.37
July 30	43.2	53.9	50.2	51.85	38.86
July 29	43.5	54.0	50.2	52.18	39.03
Month ago	42.8	56.6	50.8	52.03	40.99
Year ago	55.4	75.7	56.4	77.15	72.84
High 1942	49.4	60.8	57.7	57.18	54.82
Low 1942	39.6	53.9	50.0	51.76	36.94

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Junior Bond Plan Dropped

But Larger Denominations Savings Certificates Now Sold Over Counter

By STAFF WRITER

OTTAWA.—This week, Canada's newest form of war savings instrument—over-the-counter war savings certificates — will go on sale throughout the Dominion. The certificates will be available in $5, $10 and $25 denominations and will go on sale at some 8,000 post offices and 3,300 branch banks and trust and loan offices throughout Canada.

Heretofore war savings certificates have been available only through direct application to Ottawa either by the presentation of stamps or of applications issued through banks, employee saving deduction plans, etc.

It is understood that the earlier proposal to issue over-the-counter bonds in denominations of $50 and $100 through the bank branches, trust and loan offices has now been abandoned.

There will be no such securities made available for purchase by Canadian public, at least until after the next Victory Loan.

U. S. Forms

The new Canadian plan is not very similar to that adopted in the United States. Most popular forms of "tap loans" across the line are the Series E and F appreciation bonds. Both are registered and are not transferable. Series E has a ten year maturity, is issued at prices from $18.75 to $750, increasing 33 1/3% in value, yielding 2.9% annually, if held to maturity. There is a limitation of $5,000 maturity amount to one owner in any calendar year, and the bonds are redeemable after 60 days. Series F has a 12 year maturity, is issued at prices from $18.50 to $7,400, increasing to par ($25 to $10,000) if held to maturity. This gives a yield of 2.53% if held for 12 years. Limitation on Series F buying is $50,000 cost price to one owner in any calendar year. This series is redeemable on one month's notice after six months from issue date.

The U. S. Series E bonds are designed for individuals; Series F for individuals, associations, partnerships, trustees or corporations.

Market Opinions

This seems to be a period of indecision and probably of consolidation so far as the stock market in this country and the United States is concerned. Tests of recent gains are to be expected in the opinion of commentators.

Barron's, N.Y. (The Dow Theorist)—While no actual downtrend signal has occurred, both averages went down together for the first time since late April. Primary trend is still regarded as down under the Dow theory although later action of the averages may show the trend to have turned up this spring. Such a bull-market signal would be given if both averages should decline close to the spring lows of 92.92 for the industrials and 23.31 for the rails without both breaking through these levels, and subsequently should both rise above the recent highs of 108.91 and 26.19.

Brookmire Counselor, N.Y.—First half earnings reports reflect the increased slice taken out by taxes, but allowances should also be made for the fact that generous contingency provisions result in conservative statements. The rather well-deflated positions of the market should constitute a supporting influence if the war news continues to darken. Withholding of a cash reserve is still recommended, though the inflationary expansion warrants retention of present holdings in stocks representing essential and dynamic industries.

Barron's, N.Y. (The Trader)—Scattered new highs in the rail group and in the industrial list on light trading volume denote how effective has been the absorption of floating supply of stocks all year. Granted there is, as yet, no dynamic power or breadth to the advance, the probable effect of a sudden buying movement is clear. It may be that, as in 1918, after the first convincing recovery, the stock market may hang fire for some time, but the risks of adhering to a liquid position and thereby missing an abrupt turn become more apparent every week.

Financial World, N.Y.—Should the current recession carry any appreciable distance, the development will provide the opportunity for acquisition of advantageously situated stocks at a discount from recent levels. Preference should continue to be given issues of companies able to show good earning power in the war economy (even though such earnings are doubtless below peacetime levels), and which will not be left without markets at the war's end. Stocks of this type already held may well be retained through temporary market recessions.

The Shareholder

Favorable stock market action at present would be a consolidation of the upward movement from late April, in the view of certain New York stock market observers. A few weeks of a little change or, perhaps even better, a decline with stock market averages holding above their late April low points, would fulfil the conditions sought.

On the other hand, if stocks were to move substantially up without any real test of the strength of support to be found in this year's lows it would probably be a strong indication that securities should be sold on the likelihood that further declines were quite probable.

* * *

With government borrowings in Canada and in the United States continually rising, much of the foundation for an inflation would normally appear to be laid, but there are certain factors to consider under present wartime conditions which are not ordinarily present. In the first place both governments are now buying more than half of the total production of both countries. Doing this, they have an interest in keeping prices under reasonable control.

A further important factor is the knowledge that goods available for ordinary consumer purchase are going to be sharply decreased within the next few months when current large inventories are sold. With the field of possible spending thus narrowed, attention is likely to turn increasingly to such free markets as still exist. Among these would be the stock market, which, however, is likely to play a secondary part when confronted with the patriotic necessity of reducing debt and buying war bonds.

* * *

Dividend reductions have already been announced in a number of cases but it is doubtful if the last word has been heard on this subject.

Canada's new tax schedule is going to make itself felt more in 1943 than in 1942 when it will only apply to the last half of the year. Thus widespread dividend reductions are hardly expected this year but vulnerable situations have to be watched carefully for action perhaps next year.

An important point to be emphasized is that a fiscal policy of governments in wartime is to stabilize corporation earnings. To do this they use primarily the tax structure so designed as to prevent increases accruing to shareholders. With opportunities for further increases in over-all production and sales limited as complete employment is approached this condition of an earnings plateau becomes even more marked.

* * *

Dividend payments which must be passed by the Foregin Exchange Control Board have to come out of earnings after full allowance has been made for all taxes, including the refundable portion, F.E.C.B. has ruled. As approval of the board has to be obtained for any dividend which goes to shareholders resident outside of Canada, this ruling affects practically all Canadian companies, particularly the larger ones. The board only permits dividend payments out of current earnings on the grounds that payments which exceeded current earnings would be an export of capital.

What disposition may be made of the refundable portion of the tax when it is returned to a company after the war is not entirely clear but indications are that there will be no restrictions. It is government policy to regard this refundable tax as a reserve for post-war rehabilitation but this has not yet been ruled to prohibit distribution to shareholders.

For the present, however, a Canadian company can only pay dividends out of its free balance of earnings which will amount to not more than 70% of its standard profit augmented by whatever non-taxable income may be realized from such sources as dividends from other companies.

* * *

War has been financed largely out of increased production aided by some consumption of capital, in the view of the Bank of Nova Scotia. From now on, however, this condition is going to change. It is suggested that national income this year is not likely to rise much more than half as much as the $1,000 millions which estimated war needs will gain.

Capital resources will be further hit through deferred maintenance, reduced replacement and a further drawing down of stocks of goods.

* * *

Brazilian Traction shares are "attractive" for both medium and long-term holding in view of Goodbody & Co., New York. It is not claimed that dynamic market action will be seen, but is apparently considered probable that a substantial appreciation on a percentage basis would be realized over the longer term. Goodbody & Co. points to Brazilian's policy of financing expansion through earnings, maintaining strong working capital and gradually eliminating funded debt as important factors in its favor. Attention is drawn to the conservative policies with regard to writing off depreciation and the relatively favorable tax position due to the fact that Brazil is not under necessity of spending large sums for war purposes. Brazilian is not subject to Canadian income or excess profits taxes. It is also pointed out that a determining factor in ability to continue dividend payments is likely to be ability to obtain sufficient exchange to transmit profits out of Brazil, but it is suggested that an 80 cent annual rate could be maintained and probably will be under present circumstances.

Smelters May Push Tar Sand Project

By STAFF WRITER

OTTAWA. — Reports reaching here from the West indicate that present investigations of the Alberta bituminous tar sands by Consolidated Smelters are progressing very favorably.

Company officials are said to have been considerably encouraged by the work that has been done to date.

What is regarded now as a possibility is that the Smelters organization itself will undertake large-scale operation of the tar sands on some basis mutually satisfactory to the government and the company.

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(a) $1,925,000—2½%—debentures, dated September 1st, 1942, maturing $275,000 annually 1943-1949 inclusive.

(b) $2,200,000—3%—debentures, dated September 1st, 1942, maturing $275,000 annually 1950-1957 inclusive.

(c) $1,375,000—3¼%—debentures, dated September 1st, 1942, maturing $275,000 annually 1958-1962 inclusive.

TENDERS WILL NOT BE RECEIVED FOR ANY PART, BUT MUST DEFINITELY SPECIFY ONE PRICE FOR THE ENTIRE ISSUE OF $5,500,000.

These debentures are being issued to retire $5,000,000—2% debentures of the Toronto Harbour Commissioners' maturing September 1st, 1942, to finance completed Harbour Improvements to the extent of $400,000, and an additional $100,000., being the balance of the 1937 conversion. The debentures will be unconditionally guaranteed as to both principal and interest by the City of Toronto, such guarantee being endorsed thereon.

The favourable opinion of the legal firm of Messrs. Clarke, Swabey and McLean, Toronto, as to the validity of the issue, will be engraved on the debentures.

The official prospectus relative to this issue, showing amounts maturing annually together with financial statement of the City of Toronto is now in printed form, and copies will be furnished on application to the office of the undersigned.

The debentures are in coupon form, are payable both interest and principal in Toronto in lawful money of Canada, and are of the denomination of $1,000.00. Provision is made for registration of principal only.

The debentures will be ready for delivery on September 1st, 1942, payment and delivery to be made at the Main Office of the Bank of Toronto, in Toronto, on September 1st, 1942.

A certified cheque for $110,000.00 (2% of total issue) payable to The Toronto Harbour Commissioners, must accompany each tender.

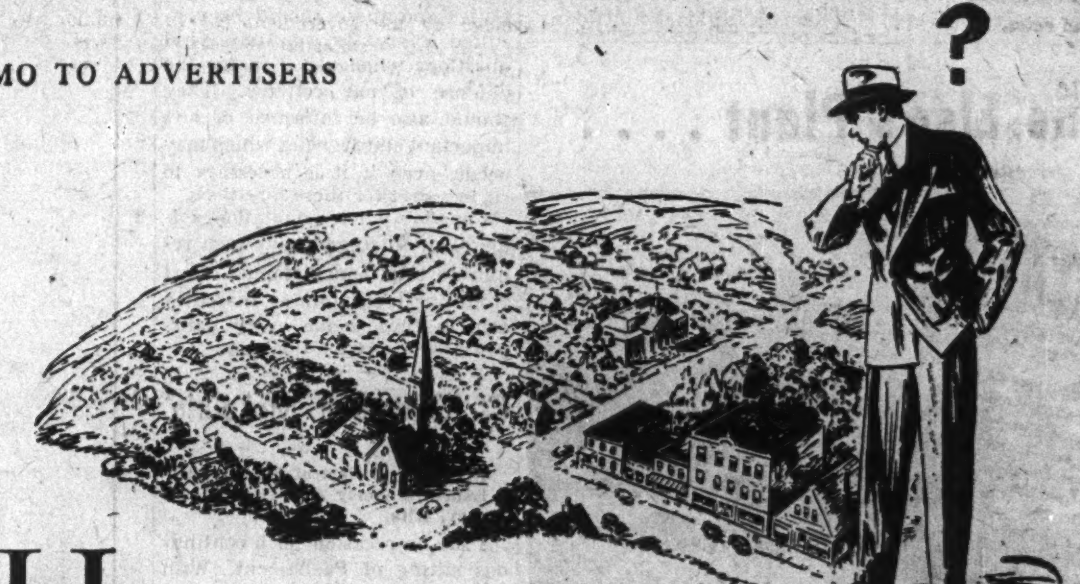
Tenders containing conditions varying from the above will not be considered.

The right is reserved to reject any or all tenders.

G. A. LASCELLES,
Commissioner of Finance.

Treasury Department, City Hall, Toronto, Canada, August 5th, 1942.

• MEMO TO ADVERTISERS



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Can Provinces Trim Their Sails?

Expenditures Keep Rising in Practically All Departments

By ROBERT C. STARK

Since 1937 revenues of Canadian provinces have increased 31%, expenditures have increased 6% and debt has gone up almost 10%.

That comparatively small expansion in current expenditures looks good on the surface; closer examination, however, removes some of the glitter. A summary prepared by the Bank of Canada shows current expenditures of the provinces during 1937 to have been $258.7 millions as compared with $275.1 millions in 1941, an increase of $16.4 millions.

Significant fact is that while total current expenditures gained $16.4 millions over the five-year period, relief costs dropped some $30 millions to total only some $14.5 millions in 1941. Outweighing the saving in relief costs, made possible through improved employment conditions having nothing to do with provincial management, are a $10.9 millions increase in highways expenditures, $9.6 millions more for public welfare (old age pensions, etc.), $9.5 millions more for debt service and $8.2 millions more for education.

Revenues Strongly Higher

In each of the past five years, provincial current revenues have pushed strongly higher with the 1941 total being up $74 millions or 31% over the 1937 mark. Aggregate revenues exceeded expenditures in 1940, and the provinces, as a whole, have been operating in the black for the past two years. The overtaking of expenditures by revenues is shown in the following table:

	Current Revenue	Current Expend.	Surplus
	Millions of Dollars		
1941	322.6	275.1	47.5
1940	301.1	266.8	34.3
1939	260.9	279.2	*18.3
1938	250.7	267.7	*17.0
1937	244.6	258.7	*14.1

*Deficit.

Of the $74 millions increase in current revenues since 1937, by far the greatest part is made up by gasoline taxes with an increase of $19.7 millions, corporation taxes up $19.4 millions, liquor revenues up $11.8 millions and sales taxes up $11.6 millions.

13% From Liquor

The much-discussed liquor revenues in 1941 amounted to $41.5 millions, or 13% of total provincial current revenues. In 1937 liquor revenues at $29.7 millions represented 12% of total provincial current revenues.

During the same period, 1937-41, total direct and indirect debt of the provinces increased from $1,948 millions to $2,130 millions. The 1941 figure represented a reduction from the 1940 total of $2,179 millions. The provinces' much improved wartime revenues are allowing them to make some inroads on their debt totals, a trend that is continuing this year.

Where the Money Goes

With so much emphasis being placed on the need for economy in government these days, much interest revolves around the record of provincial expenditures. A comparative breakdown of these expenditures by main groups follows:

Current Expenditures	1941	1937
	Millions of Dollars	
Net debt service	63.2	53.7
Public welfare	54.1	44.5
Education	39.9	31.7
Highways	36.7	25.8
Public domain	15.3	14.2
Agriculture	7.1	6.9
Justice admin.	14.3	13.3
Genl. govt.	17.4	13.4
Legislation	10.2	7.5
	260.6	214.2
Relief	14.5	44.5
Total	275.1	258.7

Excluding relief, all of the main groups show a substantial increase over 1937, and the total, again excluding relief, was $46.4 millions higher in 1941 than in 1937.

Of that better than $46 millions total, some $9.5 millions was accounted for by increased cost of debt service. That increase is attributable to the gain of $182 millions in provincial debt; whether or not that increase was justified in the face of rising revenues would be the subject of another examination. It might be noted here, however, that the increase in debt service costs over the five-year period amounted to 5.2% of the gain in debt, despite current low interest rates.

One leading argument put up to support the steadily increasing level of provincial expenditures is that burdens such as the old age pension have heavily increased. The record shows that provincial old age pensions paid in 1937 amounted to $9.8 millions and had gained to $11 millions by 1941, an increase of only $1.2 millions.

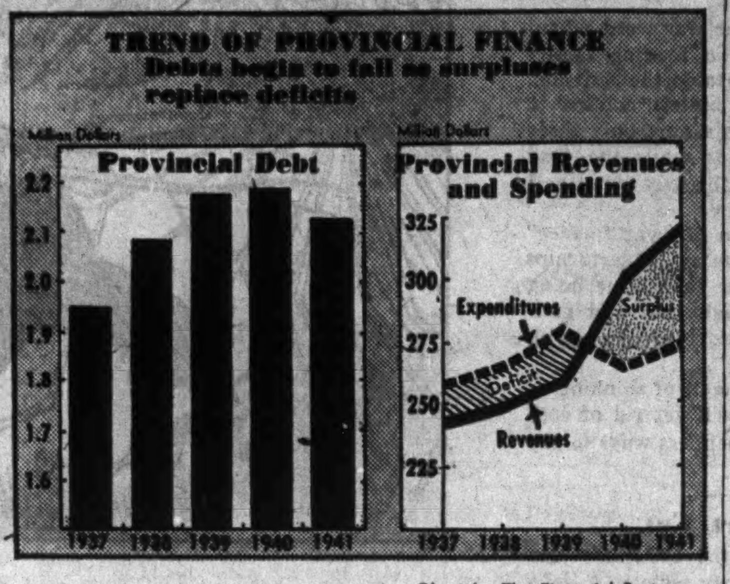

Chart by The Financial Post

Highways Up 40%

Maintenance of a province's highway system may play a direct part in the war effort; truck transport of vital goods is a big wartime job. However, at $36.7 millions, Canadian provinces in 1941 paid almost 40% more than in 1937, when our road systems were considered fairly adequate.

No one will deny that costs of education should bulk large in any budget. There are some, however, who will argue that they can see little extra to account for the 25% increase in provincial expenditures on education over the 1937-41 period.

A recent letter of the Royal Bank of Canada commented:

"In some fields of provincial and municipal endeavor, expenditures have risen. This is true in the cases of education and social welfare. Many of the new educational projects include the technical training of men and women, youths and girls for employment in war industries and are, therefore, directly contributory to the country's whole war effort. Social welfare and health services also contribute to the prosecution of the war, through the improvement in general physical efficiency and morale.

"The time has come, however, for governments, as well as individual citizens to examine closely their expenditures. Vital services must be maintained, but without waste and without "frills," while services of secondary importance should be dispensed with during wartime. The budget estimates of some provinces for the coming fiscal year show evidence of a desire to restrict expenditures, but in other cases further strenuous efforts in this direction are sorely needed."

Bankers Not Fearing New Financial Deal

Enquiries made by The Financial Post among a number of bankers indicate that while they believe deposit certificates have inflationary possibilities these can be avoided by the government paying off the certificates as they mature and by constant vigilance on the part of treasury officials at Ottawa. They also point out that other controls such as those over prices and wages, rationing, etc., are in themselves such strong anti-inflationary measures that unless the government grossly abuses the new scheme, there will be no damaging results.

Theory Behind Move

It is understood the theory behind the move of the government in financing this way is that demand deposits of the chartered banks have been rising steadily. The last monthly bank statement showed demand deposits at $1,289 millions, an increase of about $305 millions.

Much of this money belongs to industries working on war orders and represents money paid them by the government for war supplies. It is understood the government felt that as it was responsible for bringing this money into existence, it is entitled to the use of it at a nominal charge. Bankers as a group claim there is little or no profit for them on the transaction but that this is as it should be in time of war. The rate of interest, they say, is not much more than sufficient to pay the costs of servicing the deposit accounts.

Bankers' Views

Here are the views of some bankers interviewed by The Financial Post:

1. Inflationary effects all depend on the way the plan is carried out. If the certificates are finally paid off by long term bonds sold to the public or in some other way the effect will not be inflationary. If they are not retired in this way the effect might be inflationary. The government has already borrowed in a similar way to this in the last three years without any serious inflation resulting.

2. The method of financing has undoubtedly the possibilities of inflation about it. But in the hands of the present finance minister and treasury officials, I believe it will be kept under control. The rate of interest being paid by the government is a nominal one calculated to pay the expenses of the banks rather than to give them any profit. The banks accept this willingly however as a part of their contribution to the war effort.

3. If the certificates are not retired on maturity and the plan of financing is carried on indefinitely the effects are likely to be inflationary. I do not believe the financial authorities at Ottawa will do this however if it is humanly possible to avoid it, and unless the war lasts longer than we think. The banks will make little or nothing out of the deal which is quite satisfactory in view of the need of everybody doing what they can to help the war effort.

4. I don't think the financial authorities in Ottawa will let the matter get out of hand. It has inflationary possibilities however.

5. This plan of financing undoubtedly is inflationary. It means the creation of new credit. This however will probably further stimulate war industry, making more money available for taxes and long term borrowing by the government. In due course, the government will therefore likely retire the deposit certificates removing the inflationary influence.

Investment Notes

New England Power Assoc. subsidiaries propose to refund $13 millions of 2½% secured notes, maturing Oct. 1, 1947, by borrowing an equivalent amount from four banks in Boston and New York. The proposed bank debt will bear interest at 2¼% and mature Oct. 1, 1947. Net savings of $433,400 are estimated as a result of the proposed refunding. New England Power Association is a subsidiary of International Hydro-Electric System operating in the New England states.

Carnation Co. shareholders have approved plans for sale of $2,050,000 4% first preferred stock and $4 millions 3% 15-year debentures and, in addition, have voted to reduce dividend rate on the presently outstanding $2,950,000 first preferred from 5% to 4%. The new preferred and debentures are being sold privately to insurance and investment companies through Kidder, Peabody & Co., and A. E. Ames & Co. About $4 millions of the proceeds will be applied to liquidation of serial bank loans and balance will be used to increase working capital and general purposes.

Celanese Corp. of America reports net profit of $3,357,820 in the first six months of 1942, after provision for Federal income tax. This equals $1.57 per common share and compares with net of $3,149,921 or $1.66 per common share in the first half of 1941.

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Montreal stock and curb exchanges report total transactions of 234,756 shares in July this year compared with 272,344 shares in June and 376,324 shares in July, 1941. Last month's total, lowest since June, 1941, was made up of 135,166 industrial shares and 99,590 mining shares.

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Bell Telephone Co. has advised the Montreal Stock Exchange that 339 additional shares have been authorized for issue, making a total of 838,892 shares issued to date.

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Inter-State Royalty Corp. advises the Montreal Curb Market that as at June 30, 1942, investments in oil royalties had a book value of $1.1 million. Gross revenue from royalty income since acquisition amounted to $513,289 up to May 31, 1942, and depletion reserve totalled $140,419 at the same date. The company had a gross income from royalty and rentals of $1,840 in May this year, while accumulated income from the same sources for 1942 was $15,555.

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S. E. C. summary of security transactions and holdings includes the following of Canadian interest:

Canadian Pacific—W. M. Neal, officer, acquired 840 common shares, holding 1,000.

Howe Sound Co.—Reeve Schley, officer and director, acquired 100 common shares, holding 5,401.

International Nickel—R. S. McLaughlin, director, holds 1,000 common shares directly and through a holding company holds 25,621 common, disposed of 100 7% preferred, retaining 1,700.

Hiram Walker-Gooderham & Worts—T. H. Gibbons, officer, holds 45 common shares and acquired 40 preference shares, holding 200. L. M. McCarthy, director, disposed of 100 common shares, holding 400.

Weekly Record of Financing in Canada

SALES BY MUNICIPALITIES, PROVINCIAL AND DOMINION GOVERNMENTS

Municipal—	Date Issued	—Sold to—	Rate	Due	Amount	Price	Yield
Twp. of King, Ont.	June	Harris, Ramsay & Co.	3½%	1943-52	$8,433	102.16	3.18%
Twp. of Barton, Ont.	July	C. H. Burgess & Co.	4%	1943-52	22,884	102.57	3.48%
Twp. of Cornwall, Ont.	July	Privately	4%	1943-52	11,057	.....	.....
Hamilton, Ont. (treasury notes)	July	Royal Securities	....	Oct. 3, '42	200,000	.....	.....
Preston, Ont.	July	Bank of Toronto	2½%	....	20,000	101¼	2.00%
Twp. of Stamford, Ont.	July	F. L. Craig (privately)	4%	1943-57	4,898	.....	.....
Dominion—							
Canada Treasury Bills	July	....	....	Oct. 30, '42	45,000,000	99.867	.535%
Deposit certificates	July	....	¾%	6 months	75,000,000	100	.....

OFFERINGS OF CORPORATIONS AND FOREIGN SECURITIES

Bond Issues—	Date Issued	Offered by	Rate	Due	Amount	Price	Yield
School Commrs. of La Presentation de la Ste. Vierge, Que.	June	Banque Canadienne Nationale	4%	1943-52	$22,500	99.25	.....
Sch. Comm., Town of Montreal East	June	Rene T. Leclerc	4%	....	20,000	99.17	.....
Smith Transports Ltd.	July	Wodd, Gundy & Co. (privately)	5%	1943-48	385,000	.....	.....

The
Bondholder

Biggest municipal financing in some time will be carried out by Toronto next week as tenders close Aug. 12 on $5.5 millions of Toronto Harbor Commissioners' 2½, 3 and 3¼% debentures. The issue is split into $1,925,000 2½'s maturing $275,000 annually Sept. 1, 1943 to 1949; $2.2 millions of 3's maturing at the same rate 1950 to 1957 and $1,375,000 3¼'s again maturing $275,000 annually 1958 to 1962. The issue is guaranteed as to principal and interest by the City of Toronto.

Sale of the bonds is being made to retire $5 millions of 2% debentures which mature Sept. 1, 1942. A total of $400,000 is being used to finance completed harbor improvements and the additional $100,000 represents balance of the 1937 conversion. A good price seems likely to be secured for this issue as City of Toronto loans enjoy high investment status.

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International Hydro-Electric 6's were an outstanding feature of the corporation bond list during the past week, moving up some five points to around 38 bid. It was pointed out in this column last week that the strict market break-up value of Hydro's holdings of Gatineau and New England Power worked out to around 37 points per debenture, ignoring the system's other assets.

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Canadian Vickers, selling ex-interest, have moved up the equivalent of three points in the past few days. Paid in U. S. funds, the interest payment was equivalent to $71.94 per $1,000 bond. This still leaves a 15 point accumulation on Vickers and some bond traders attribute continued buying interest in the bonds to this heavy accumulation coupled with the company's high rate of operations.

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Brown Co. 5's firmed around three points to 80 bid on announcement of payment of half a coupon, later slipping back to around 79 to 79¾. While some of those interested in the Brown situation had anticipated a somewhat higher payment, it is noteworthy that under the terms of the deal with the R.F.C. no payment on the general mortgage 5's was due until June 1, 1943. Brown has been able to better its position so substantially that the R.F.C. waived this provision and allowed the 2½% interest payment to go ahead for Aug. 20.

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King Edward Hotel 7's continue to hold around 24 bid with dealers reporting offerings scarce. This latter condition appears attributable to a waiting attitude on the part of holders to see just how much will be available for distribution. The court has given its sanction to the Metropolitan Life offer of $375,000 for the assets backing the 7% bonds. While it is not likely that actual distribution will take place much before October, there is some expectation that a fairly good idea of what that distribution is likely to be should be available within the next couple of weeks. In first announcing the Metropolitan Life offer, National Trust Co. said that a distribution in excess of 25 points per bond seemed likely.

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War Savings Certificates may mean a return of 6% to investors in some income classes, R. A. Daly Co. points out. The return on certificates at the end of 7½ years works out to the equivalent of a net, non-taxable interest rate of 3%. If personal income tax amounts to 50% of a person's gross income, this 3% return is equivalent to a 6% interest or dividend return on any other security, as such other income is, of course, taxable. War Savings Certificates thus provide a net return of from 3 to over 10%, depending upon the individual's income tax rate.

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Delay in refunding Canada's $100 millions of 5% bonds due 1952, may be explained by the preoccupation of finance officials with other problems, says the Wall Street Journal. Among the factors is preparing the groundwork for raising another Victory Loan. The Journal goes on:

"Meanwhile Canada would appear to have little to lose by waiting before offering a refunding issue in this country. Her lower coupon bonds outstanding in the U. S. market now are crowding around their best levels for the year, and discount on the Canadian dollar in relation to the United States dollar currently is considered less than was the case earlier in 1942. Since May 1, last, the 5's of 1952 are callable at par and accrued interest on 60 days' notice."

Suggestions for Investment
of August Income

Security	Rate	Maturity	Price	Yield
*Dominion of Canada	3%	March 1, 1954	100.25	3.05%
Province of Ontario	3%	June 15, 1951-53	99.75	3.03%
Province of British Columbia	3½%	June 1, 1954	99.75	3.53%
Province of New Brunswick	3¾%	August 1, 1952-54	100.00	3.75%
Province of Nova Scotia	3½%	May 1, 1950	102.50	3.15%
Province of Saskatchewan	5½%	October 1, 1952	95.00	6.15%
Village of Long Branch, Ont.	4%	September 30, 1961	93.50	4.50%
†Canadian Pacific Ry. Co.	4½%	July 1, 1960	105.00	4.10%
St. Maurice Power Corp.	5%	August 1, 1956	100.00	5.00%
United Steel Corp. Ltd.	5%	January 15, 1956	101.00	4.90%
Winnipeg Electric Co., Series "A"	5%	January 2, 1965	86.00	6.16%

* Callable at a Premium.
† Payable Canada and New York.
Additional suggestions will be submitted upon request.

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Tungsten Price Is Increased

Aimed at increasing production of tungsten, a price increase of $4 per short ton has been authorized by Metals Controller George C. Bateman. The new price will be $24.

The increase applies to concentrates averaging approximately 65% tungsten trioxide and containing harmful impurities not in excess of the maximum permitted for commercial transactions.

"Tungsten is one of the most critically needed materials," said Mr. Bateman. "We hope that the increase in price will stimulate greater production from Canadian mines."

Tungsten sold at $17.50 a unit last year, was raised to $20 a few months ago, and now is $6.50 higher than in 1941.

Bond Tenders

12 noon, Aug. 12, Toronto Harbor Commissioners—$5,500,000, 2½%, 3% and 3¼%, dated Sept. 1, 1942, maturing in annual installments from Sept. 1, 1943 to 1962. G. A. Lascelles, commissioner of finance.

8 p.m., Aug. 10, Ste-Anne de Bellevue, P.Q.—$36,000, 4%, dated July 15, 1942, maturing in series from July 15, 1943 to 1962. Emile Robillard, sec.-treas.

Aluminium Ltd. Net Is Lower

Reports $6.5 Millions First Half 1942 Against $8.6 Millions

Aluminum Ltd. estimates its consolidated profit for the first half of 1942 at $6.5 millions compared with $8.6 millions on a comparable basis in 1941. This profit figure is computed after provision for profits, taxes, depreciation and depletion and includes special depreciation at a higher rate in 1942 than in the previous year.

The company estimates that, if the new Canadian taxes had been in effect in the first half of 1942, its estimated profit, excluding the post-war refund, would have been reduced from $6.5 millions to $6.2 millions.

Aluminum Ltd. has declared a quarterly dividend of $2 a share in Canadian funds on its common shares, payable Sept. 5 to shareholders of record Aug. 15. On the 6% cumulative preferred, the regular $1.50 a share dividend is to be paid Sept. 1 to shareholders of record Aug. 8.

Profits in the first half of 1942 are estimated to be equivalent to $8.38 a share on the common which would compare with $11.20 a share on the common in the corresponding half of 1941. For all of 1941, the net profits were equivalent to $20.81 a share on common.

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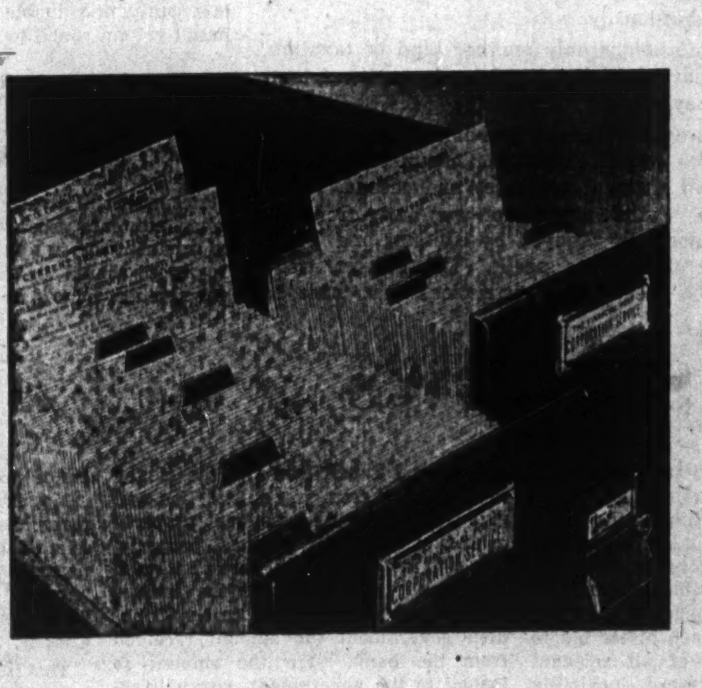

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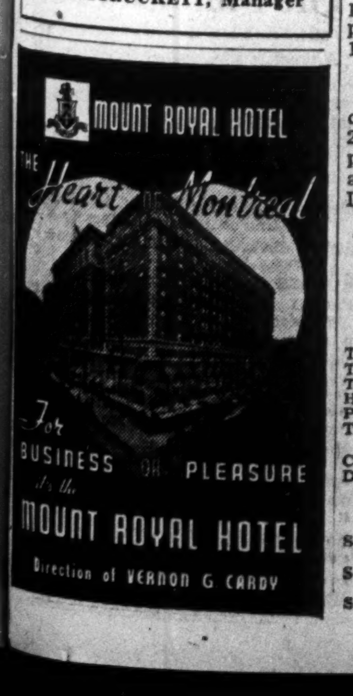

The Editorial Page . .

Will Make Better Citizens

The tax on income is now generally admitted to be the most equitable tax that can be imposed and one of the cheapest to collect.

The Financial Post has long pointed out the wisdom of broadening the income tax base; of including more of the population among those liable to this impost. The best way to build a sound and alert citizenship is to have citizens make a direct annual contribution out of their earnings to national needs. There is no better way to encourage wise and discriminating use of the ballot; no means more likely to get frugal and businesslike expenditure of the public money by government.

In the 1940 calendar year, there were only 300,387 Canadians who paid income taxes. There were more (but as yet unnumbered) taxpayers in 1941. There will be a great many more in 1942. For the first time, thousands of Canadians will be obliged to participate actively in one of the basic duties of citizenship.

Getting the co-operation and compliance of these new thousands will be a major task. Filling income tax forms is a major headache for people whose lives are devoted to form filling, and who have been paying income tax for years.

Last year, only some 9,000 Canadian farmers paid income tax but there are 734,000 of them in Canada and tens of thousands more should be paying up this year.

The income tax department is understood to estimate that it will require another thousand workers to handle the increased flood of tax forms.

To impress upon all the new taxpayers the necessity of compliance and to help them in doing so, officials are preparing over two million explanatory folders; one for every family in the Dominion. More explanation will be provided in a 12-page explanatory booklet to be given wide distribution through employers, post offices, etc.

The co-operation of employers in emphasizing the need for compliance with the tax and, perhaps, in providing guidance and help in computing it, will be an important public service.

The cigarette buyer can easily forget that he is paying substantial taxes every time he hands out a quarter. The income tax payer can have no illusions.

Increasing the number who pay income taxes strengthens our national life, because a more alert and informed concern for the business of the nation is the inevitable result.

An Ignominious Performance

The recent performance of M. J. Coldwell, new national leader of the C.C.F. is not such as will add to his stature as a responsible citizen or a useful parliamentarian.

First, he welched most ignominiously on the Hong Kong affair. When it became evident that all was not well about the royal commission report and that the administration had no intention of examining the George Drew observations, Mr. Coldwell talked very big. He pretended as if he were going to do a useful job of helping to bring this tragic affair into the open. When the time to do so arrived, Mr. Coldwell was making political hay at a party convention. In this respect, his performance is, of course, no more lack lustre than that of Hon. R. B. Hanson, who dodged his responsibility in this regard as leader of the opposition.

Second, at his party convention, Mr. Coldwell flagellated his followers with the argument: Canadian soldiers were sent to Hong Kong without training in some arms because some equipment and some ammunition was not available. Why, he asks, was equipment not available. "Because," Mr. Coldwell tells his followers, "you cannot operate a modern war on the basis of the contract private profit system."

Mr. Coldwell has access to the facts of Canadian war production. He can, if he is concerned with the truth, find out about the hundreds of Canadian industrialists who for months virtually lived in Ottawa daily storming the Department of Munitions and Supply to find out what war job they could do; to get the plans and the go-ahead signal that would let them get into production. Mr. Coldwell must know that the profits on war production are modest to the point of insignificance; that if profit were the motivating force, hundreds of Canadian plants would now be closed and Canada's munitions output be very puny since the monetary rewards are not worth the bother.

Patriotic motives, not greed, have made Canada's munitions production great. Official delays, not the apathy nor the "horse-trading" of private industry have resulted in unpreparedness.

After all, it must be remembered that in the 20 year interval between the wars, it was the radical groups which most loudly protested against ANY military or armament preparedness; which charged exponents of ANY preparedness with the most sinister and greedy motives.

Apparently Mr. Coldwell has decided to feed his flock on wild extravagances; to whip up their fervor and foment their discontent with whatever fantasy he thinks will serve his ambitions.

The Financial Post's Platform For War

1. *Effective mobilization of all resources, materials, productive capacity and manpower, without reservation, for an all-out war effort.*
2. *A national cabinet, representative of all loyal groups, and consisting of Canada's ablest brains.*
3. *An inner war cabinet, free from departmental duties, to plan the nation's war effort and to see that the plans are carried out.*
4. *A non-political industrial executive to organize and direct procurement of war supply.*
5. *Pay-as-we-go policy, to the very limit consistent with an all-out war effort, to avert inflation.*
6. *Elimination of wasteful spending by public bodies or private individuals.*
7. *A national programme to deal with postwar employment and relief problems.*

No Painless Way to Pay for War

A very plausible scheme for helping to pay for the war is set forth in a letter to the editor published elsewhere on this page. It comes from a man, formerly a Dominion Cabinet Minister.

Very briefly this scheme proposes that all Canadians with $20,000 and over in real or personal property should be obliged to apply to the Bank of Canada for a loan for which they would pay 2% and for which they would give some security, e.g., a mortgage.

The Bank of Canada loan advanced, the individual would then be obliged to hand over all or part of the proceeds of his loan to the Dominion Government for which he would receive Dominion bonds at 3% redeemable after the war.

The scheme has a very obvious loophole. The effect, eventually, would be exactly the same as if Mr. Ilsley undertook to pay the bills of war by speeding up the money printing presses. This is purely an inflationary scheme and if inflation is to be resorted to, why bother with the complex and laborious machine set forth in this proposal?

The only difference between inflation by this scheme and inflation by printing more money is that in the former, each individual is obliged to endorse a certain specific amount of the government's borrowing. In the latter, citizens as a whole take the burden.

And inflation is only another kind of taxation, except that it weighs most heavily on those least able to pay.

The essence of sound wartime fiscal policy is that which provides first, for complete mobilization of all national resources and second, which takes the "extra" needed for war away from the "extra" normally enjoyed by civilians and which is above their basic needs. The greater war's needs, the greater the restrictions that must be placed on individual spending; the greater the self-denial required.

For example: Assume that the war were a feud between old-time farmers. The feuding family would have to allocate one son to do the shooting, another to melt down lead for bullets, another to mix gunpowder. If there were six sons, only three could work in the turnip fields while the feud lasted. Presumably there would be only about half as many turnips to eat.

The feuding family's problem of "war finance" is simply one of distributing the available turnips as fairly as possible and at the same time doing enough shooting, getting enough lead and gunpowder. As such, it is almost identical with Canada's.

The sooner we get into the habit of thinking in terms of turnips the sooner we'll get rid of confusion and thinking there are painless ways to pay for the war.

Trying a Short Cut

At its Toronto Convention the C.C.F. decided to gamble on a short cut to party victory. A definite alliance with certain labor organizations was accepted and announcement made of early overtures to politically organized agriculture.

In this way undoubtedly C.C.F. leaders hope to capitalize sufficient of the inevitable unsettlement right after the war to ride into power at Ottawa. Such a policy may succeed as it did on a provincial scale with the United Farmers-Labor coalition in Ontario, after the last war but it may not prove any more permanent.

By aligning with labor and farmer groups the Co-operative Commonwealth Federation definitely becomes a class party. As such, it avows its intention of making its decisions based on one particular point of view, and on behalf of one section of the community.

Is Enough Incentive Left

In announcing his budget, Hon. J. L. Ilsley said: "I have endeavored to frame these income tax measures so as to preserve as much as possible of the earnings incentive for the great majority of the working population."

How well has he succeeded? Already less than a month before the new budget impositions start taking effect—word is coming from some plants that workers are balking at overtime. The general point of view seems to be: "What's the use? It (overtime pay) will be taken in taxes, so why work for nothing?"

That this attitude is inexcusable in time of such grave emergency does not alter the fact that the government has a real obligation and a tremendous task to give the kind of leadership which wins respect and confidence; in doing a job of super-salesmanship, proving to the Canadian public that the present sacrifices are necessary; demonstrating that every dollar of tax money is well and wisely spent.

Editorials in Brief

An excellent suggestion is advanced by the Calgary Herald for making greater use of the Senate. Our western contemporary would have all war expenditures turned over to the upper house for investigation.

Undoubtedly such a plan would be welcomed by members of the Senate itself who again have been agitating for more worth-while work to do. And it would be eminently suitable work for this experienced body, which, in the words of the Ottawa Journal, "has saved this country a lot of money and from a lot of bad legislation." But Mr. King continues to overlook this source of valuable help, so much in fact that he hasn't yet got round to filling the 15 Senate vacancies.

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In comparing material production of Allied versus Axis powers it should be remembered that most of Germany's war production can be presumed to go directly into planes, tanks and other war equipment while the United Nations and especially the United States must still divert considerable quantities of steel, labor, etc., into production of factories and machines to produce war equipment. Balancing this diversion, however, should be the more modern design and effectiveness of the war equipment produced.

Cartoon by Grassick.

WITH BIG CROPS, THERE'S A BIG WELCOME FOR HOLIDAY HELPERS.

Post-Scripts . . . .

Lady Colonel

A man-sized job is that of trim, wavy-haired Joan Kennedy, who is busy expanding the Canadian Women's Army Corps from its present strength of less than 4,000 to a year-end objective of 10,000.

Commandant of the "Cwacs," she has just been promoted from major to lieutenant-colonel, and has won high compliments for her efficiency from senior staff officers, among them Major General H. F. G. Letson, the adjutant general.

Col. Kennedy—she is Mrs. Norman Kennedy of Victoria in private life—takes a realistic view of the part of women in uniform. Not one to try to glamourize the role they play, she frankly states they are best at tasks similar to those they did in civilian life—cooking, scrubbing floors, typing, clerical work, driving cars.

She wants recruits but doesn't want romantic-minded girls who are motivated by no other desire than to step out in a uniform.

Despite this she believes the uniforms of the Cwacs should be smart, neat, attractive. When they were being designed she was one of those who saw that some of Canada's leading fashion experts were called into consultation, and also saw that their advice was taken.

Col. Kennedy thinks pretty things are good for a woman's morale. When the day's work is done and the Cwacs are off duty, they're allowed to be as fancy as they like in the matter of negligee.

English, born in Middlesex, Col. Kennedy comes of a military family. Her father was with the Imperial Army in Egypt for many years. In the first Great War, her mother was an officer of the Womens Land Army.

Col. Kennedy started her education in England, finished it in Canada. A year before the present war broke out she was one of those who organized the Victoria Women's Service Corps. A voluntary group, based on the British Auxiliary Territorial Service, this soon grew into the British Columbia Women's Service Corps, and later into the Red Cross Corps, B.C. division.

When the Canadian Women's Army Corps was formed, Mrs. Kennedy was the first officer appointed.

By next March it is planned to have 14,000 women—almost the equivalent of a full division—in the Women's Army Corps.

Millenium Maker

Major John Coldwell is not among those present in "Who's Who," but he does fairly well at keeping in the public eye.

Most people agree that he looks slightly like President Roosevelt. They also agree that he's a potent orator, and a skilled politician.

As national leader of the Co-operative Commonwealth Federation, he has inherited the mantle of that venerable socialist, the late Dr. James Shaver Woodsworth. This comes at a time when the so-called reform elements appear to be riding a crest, at a time when even Quebec is "flirting" with new parties, and not long after the Ontario riding of South York, traditionally Conservative, rejected Conservative Leader Arthur Meighen and elected Joe Noseworthy, C.C.F. school teacher.

Coldwell and Agnes MacPhail, who sat in parliament as a U.F.O. member from 1921 to 1940, had several quiet discussions during the C.C.F. convention. Those who noticed took it for granted that there were plans afoot to make a bid for the support of the farmer. Mr. Coldwell is well aware of the farmer-labor upswing which followed the last war, probably expects that history will repeat itself.

Major John William Coldwell wishes his parents had called him John Major William, since the Major coming first, is too likely to be mistaken for military rank. To avoid this he goes only by initials, and has dropped the "W" for the sake of brevity. What the "M" stands for is not even revealed in the Parliamentary Guide.

When he had a son of his own Mr. Coldwell corrected the slight error in the order of names made by his parents. His own boy, now in the R.C.A.F., is John Major.

Mr. Coldwell buried his English accent so completely in the western prairies that few realize he is English-born and a graduate of University College, Exeter.

He was 22 when he first set foot on Canada, a studious lad with an armful of books and a teaching post in Saskatchewan. At 24 he married a childhood sweetheart, an English girl, and 10 years later he got himself elected an alderman in Regina. He got interested in "reform" in his aldermanic days, and particularly in a certain reformer, a United Church clergyman, who was jailed during the Winnipeg general strike. The clergyman, who doffed the cloth to become a longshoreman in Vancouver, and subsequently founded the C.C.F., was James Shaver Woodsworth.

Coldwell became his first lieutenant. In 1934 he resigned the principalship of Thomson School in Regina to devote more time to politics, left the profession in which he had become president of the Canadian Teachers' Federation. Coldwell was elected to Commons in 1935, and has been House leader of the C.C.F. since Mr. Woodsworth's health failed in 1939.

His followers in the House include—two schoolteachers, two clergymen, a coal miner, a farmer, a street car conductor. Behind the door of Mr. Coldwell's office in the Parliament Building, they take off their coats, roll up their shirt sleeves, puff their pipes furiously—and draft plans for the Millenium.

• • •

Stop Me If . . . .

A bridegroom quoted Deuteronomy, Chapter 24, verse 5 as his basis for deferment.

"When a man has taken a new wife, he shall not go out to war . . . but he shall be free at home one year and shall cheer up his wife which he hath taken."

He was classified 1A.

Price Policeman

No. 1 "Price Policeman" of Canada is amiable, studious Fred Alexander McGregor, chief enforcement officer of the Wartime Prices and Trade Board. He doesn't like his work. What's more he doesn't expect you to like it either, if you belong to the great and growing number who feel the pinch of W.P.T.B. regulations.

Fred McGregor has not let his unpleasant job damage his sense of humor. After listening to a tirade from an individual who thinks that the government has no right to interfere, he is likely to chuckle and produce three newspaper clippings.

The first clipping tells of four persons in Toronto being fined $5 each for contravening sugar ration regulations. The second records that a man in England was fined 1,000 times that much for a similar offense. The third reports the execution of a man in Germany convicted of the same charge.

Fred McGregor—the full name is just plain Fred, not Frederick—as chief enforcement officer is armed with a big club that can be wielded in several ways. He prefers to use it only as a last resort. Most of the hundreds of cases which have come before him for investigation have been settled without court action. Often a telephone call to an offender, a word of friendly warning, has removed the cause of complaint.

More Prosecutions

You can thus look for more W.P.T.B. prosecutions from now on. June statistics should serve as a storm signal to malefactors. In the six п

Mr. McGregor, whose regular job is commissioner of combines investigations was born at Ottawa in 1888, son of the proprietor of an old established grocery business. From his father he got some insight into the problems a merchant must face. There were nine in the family. Three brothers are doctors of philosophy. A sister, Bess, holds an important post in the Canadian Legation at Washington. Another sister, Anne, is a social service nurse trying to improve the health of farmers in North Carolina.

Fred quit school at 14 to become a businessman, and hired out at $3 a week as "private secretary" to the managing director of The Ottawa Free Press. When his boss went to Montreal as an advertising executive, McGregor went too, but it dawned on him about that time that he'd travel farther and faster with a bit more book learning.

Assistant to P.M.

McGregor took his B.A. at McMaster in 1913 then taught for a year at Woodstock College. In 1914 he became Mr. King's regular private secretary. Mr. King at that time was doing research work in industrial relations for the Rockefeller Foundation. This took him on frequent trips to New York and other American cities, settling labor disturbances. Mr. McGregor travelled with him. Mr. King wrote his book, "Industry and Humanity," in long hand. Mr. McGregor typed it.

In 1919, Mr. King became leader of the Liberal party, and the Liberals, long out, were swept back into power. For the next six years Mr. McGregor had one of the most strenuous and exacting posts at Ottawa—secretary to the P.M.

He was appointed registrar of the Combines Investigation Act in 1925. In 1937 he became combines commissioner, with added authority.

Independent, individualistic, he hates the tangle of regulations the war has made necessary on the economic front. But, as he sees it, the better they are enforced, the sooner victory can be won. And then, he says, on a big bonfire in front of the Parliament Buildings, Canadians can burn the restrictive orders.

Other People's Views . . . .

The Canadian Editorial of the Week

Open Inquiry More Than Ever Imperative

Winnipeg Tribune

The fiasco of the Hong Kong debate, with its unseemly brawling and political jockeying—in an hour when the fate of the free world is in the balance—must shock Canadians, but it cannot wholly surprise them. The conditions under which the debate was held, as dictated by the government, prevented a useful debate on the real facts.

As for the politics involved, it was a famous party victory. Liberals were summoned from the sick bed, were called from coast to coast of Canada to express what Mr. King called "the confidence" of the House—"confidence" of men voting in blinkers without having seen the evidence. And now Mr. King thanks his party members at the subsequent caucus for "restoration of unity in the ranks." Why there should be any surprise about the return to the party ranks of those Quebec Liberals who have opposed conscription, who opposed Bill 80, and would gladly oppose every vigorous measure for total war, is difficult to understand. Naturally such men would support the government in its attempt to head off any enquiry into the effectiveness of the Canadian war effort.

The debate in the House was not a debate upon Hong Kong because the members had insufficient evidence before them.

It was not a debate upon the much larger question of the effectiveness of our military training and equipment, as indicated by our nakedness at the time of Hong Kong, because, once again, the government was unwilling to lay enough evidence in front of Parliament. The only thing which the debate did disclose was the effectiveness of the Government's methods of suppression in gagging the House and preventing parliamentary enquiry into the facts. That vote of 130 to 34 was just a vote of the old grey party mare in favor of political blinkers in payment of political hay.

Nor did the Opposition shine in the debate. The best Opposition in the world could have done little, unless it had succeeded in forcing the government to lay the evidence on the table. A stronger Opposition with stronger leadership might have made a much better bid to force the publication of all relevant facts. But, as things were, inevitably the government held the whip hand.

As our parliamentary correspondent, Torchy Anderson, puts it: "It was a grand and glorious victory—for the party . . . The desk pounding echoed bleakly against the background of Russia and Libya, realities of which seemed to be forgotten many times during the childish quibbling and personal exchanges of this two-day debate."

Mr. King has "put it over" the House of Commons by calling the rules of the game to his own liking.

He has "got away with political murder" once more in Ottawa, that repository of party carcasses and national skeletons. But he has not "got away with it" in the country. He may think that the issue is dead, but he will find that it will not lie down.

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The Mail-box

Financing the War

Editor, The Financial Post:

In order to finance the war effort of Canada, capital should be called upon to supply a large share of the money required. Those who fight in our land, sea and air forces, while endangering their life for democracy, are also endangering it to protect property.

Here is how capital may be called upon to contribute toward the war effort. Let us assume that the government of Canada decides to apply to those who have property to lend it money and that these people should say that they have none at their disposal. The government may then say to such people: you are the owners of personal and real property and under a law passed by parliament you can apply to the Bank of Canada and it will loan you the money that I require from you at 2%. You will give a mortgage on your real property or if you have only personal property, you will deposit such a part of it with the bank as guarantee for the amount loaned, and you will loan to the Canadian government the amount received from the bank. For the amount so loaned to the government, you will receive Dominion of Canada bonds bearing 3% interest, which bonds must be deposited with the Bank of Canada. After the war, the Canadian government will redeem these bonds and you will reimburse the bank.

Such a plan would bring in billions for our war effort.

Owners of personal and real property of $20,000 and over would be called upon to loan to the government as previously mentioned.

It may be noted that such a plan does not amount to confiscation.

For our war effort of 1942, a loan of 20% of personal and real property may be made and if the war continues in 1943, a further loan of 20% may be required.

Such a system would allow the government to reduce considerably the tax on revenue of people without means and would leave them with sufficient revenue to meet their obligations.

The necessity of our war effort would dissipate any secondary objections to such a scheme. Our soldiers are making immense sacrifices and people with wealth have no right to escape making money sacrifices. The guarantee given them by the government is certainly much safer than that given to the army!

Signed Mr. A. B. C.

The correspondent, formerly a Dominion cabinet minister, has requested that his name be not revealed.

• • •

Says Co-operation Good

Editor, The Financial Post:

I am a subscriber and reader of your paper and as a business woman find it most helpful and, I believe reliable. But I feel I must write in defense of the owners of gasoline boats on our resort lakes.

My island is situated between two main channels in the most central district of the Muskoka Lakes. I imagine in normal times more gasoline launches, "luxury" and otherwise passed here in 24 hours than in any other place in Canada.

This season, however, the motorboat has virtually disappeared from the lake. Hours pass without the sound of an engine. Last Sunday evening two launches passed between seven and midnight, one a livery boat. For the first time in years we can sit on the verandah and listen to the singing of the birds.

Each day sees more canoes, rowboats and sailboats venturing into the quiet open waters, and many of us are enjoying the thrilling experience of finding we can still handle the oars and paddle.

I would like to ask the writer of the marked paragraph, where he thinks we get the gasoline for "just cruising." I am inclined to think the mainlanders have given up their boats entirely. We island dwellers were privileged to apply for gasoline up to "proved essential requirements." That application was made on the assumption that the unit was five gallons. Since the reduction we have 20% less than "essential requirements."

Our neighbors, too modest in their application, are going only three times a week for mail and milk. Other neighbors are cutting their holiday short that they may get their mail every day. We see very few boats except those belonging to neighboring islands.

We are not "cruising." We are picking berries, swimming and knitting for the forces, and we like it.

SARAH M. GRAFTON.

Editor's Note.—The item referred to said in part: "Holiday and week end traffic still looks immense and summer resort lakes are still throbbing with the drone of 'just cruising' speed boats." The Post is glad to be informed that Muskoka resort folk are co-operating with wartime self-denial measures.

What the Papers Are Saying

"Wolf!" Once Too Often?

Times-Review, Fort Erie

The U. S. drive for scrap rubber has been a dismal failure. The total collected from the whole country was disappointing in the extreme.

What could be wrong? Certainly the people of the U. S. do not lack patriotic fervor.

Could it be that the average citizen across the border, as in Canada, has heard the cry of "Wolf!" too often? Does he remember too vividly that he was asked to turn in his kitchen utensils, and anything else from which aluminum could be recovered? The result was that huge piles of aluminum articles were accumulated in school yards and other places. Then it seemed that there was no properly organized system for collecting, sorting and delivering this scrap where it was needed. Many of these piles of junk remained to become eyesores. Also, from high places came assurances that there was no shortage of aluminum—only to be contradicted by announcements from other high places.

Some time later came official warnings of an imminent shortage of petroleum and its products. The diversion of tankers to supply oil to Great Britain, thereby creating a transportation bottleneck, was the reason advanced. But one authority stated emphatically that there would be enough railroad tankcars available to prevent any actual famine of gasoline and oil. Arguments and contradictions followed, which left the public somewhat befuddled as to what was the true situation. Since that time, of course, enemy torpedoing of ocean tankers has removed any doubt on the matter.

The next shortage to be publicized was sugar. That commodity is now rationed in both the U. S. and Canada. But only a few weeks ago, it was reported that warehouses across the border were bulging with the stuff; that vast quantities of it had to be stored outdoors in danger of spoilage.

A scarcity of wool has been announced, yet it has been authoritatively stated that stocks of that material in the U. S. are now the greatest in the nation's history.

Yes, there are some grounds for believing that the frequent cries of "Wolf!" have made our good neighbors—and ourselves—a bit sceptical. If so, it is most profoundly to be regretted; because, in the case of rubber, there really is a wolf. While no offical figures have been given out, there is every reason to believe that supplies of crude rubber on this continent are at such a low ebb as to be inadequate to meet bare military requirements.

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Critical Supply Problems Face Druggists

War Shuts Off Usual Sources and Brings Huge Price Boosts

By ARTHUR D. ELLWOOD

Decidedly the retail drug trade has not escaped the effects of wartime controls. Druggists are squeezed between rising costs and a fixed selling price determined by price control regulations. They suffer also from a growing supply problem—one made particularly serious by the fact that such a large proportion of everyday drug items customarily come from sections of the world now involved in the war.

Druggists report their profit margins reduced but for the most part maintain that they are still able to do business at a profit. They admit that important factors have aided them.

In the first place the drug business is normally one of liberal gross margins on certain products which permit the druggist to absorb a reasonable increase in his costs. This is particularly helpful when he is aided by a steady rise in sales volume as has been the case recently. Sales are approximately 30% higher now than they were in the immediate pre-war months. Unfortunately supply problems are affecting many of these high margin items, formerly very important to the druggists' profits.

The other factor helping out the druggist is the fact that the major items on which price increases have been experienced make up a relatively small proportion of their sales dollar. Much of the cost to the consumer of ordinary drugstore items comes from the packaging, blending and preparing and the ordinary sales selling jobs which do not require professional knowledge but still must have available qualified druggists for prescription work.

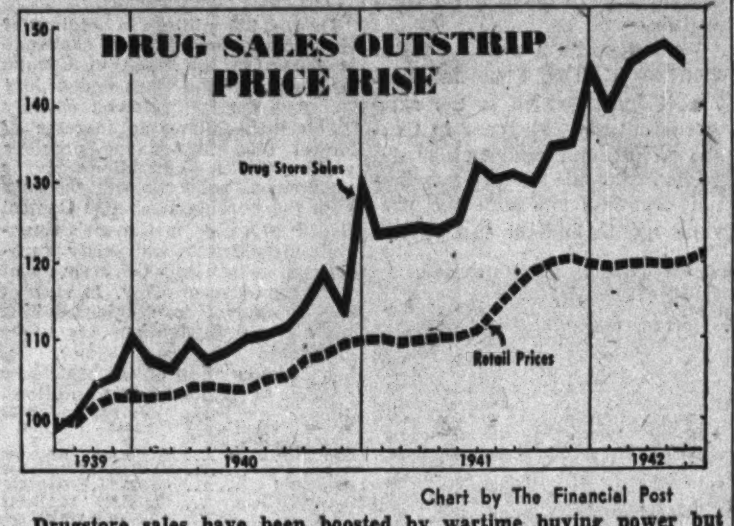

Chart by The Financial Post

Drugstore sales have been boosted by wartime buying power but physical volume is lessened by fact that price levels are higher. Chart is based on Dominion Bureau of Statistics indices with 1935-39 = 100.

Supply Restrictions

Supply controls in Canada are admittedly an important factor. Glycerine is an important ingredient in shaving creams, toothpastes and various skin lotions. No more of this is available for drug use since war has swallowed up the entire output. Sugar goes into an estimated 40% of the merchandise which an average drugstore sells. Like others, the drug trade is restricted to 70% of its normal use.

Opalescent jars, widely used for containers for many drug items such as cosmetics, bottles of all kinds, tin for cans and aluminum for collapsible tubes are either no longer available or only in greatly restricted volumes. Substitutes have been worked out for all of these but the cost is substantially higher.

An outstanding example is the workings of the official salvage campaign on used bottles. Druggists claim they are charged 120% of the original cost for second-hand bottles. After buying these they still have to sort them out and find the labels and stoppers to fit.

Druggists have quite a long list of troubles to tell but they have to admit that offsetting factors have been important and to date have permitted them to stay in business and continue to make money. How long this will continue is hard to state, but the suggestion is made that there will be business casualties before very long.

For one thing, operations are becoming increasingly restricted. Their confectionery and ice cream sales, often a large-volume producer, are adversely affected. The delivery restrictions imposed by the government bodies do not always work as druggists would like them to. One drug firm reports that its delivery boys delivered 30% of its total sales last year. Now deliveries are greatly restricted, only partly offset by lower salaries and wages when delivery boys were no longer needed.

cost. The actual drug items may be a surprisingly small proportion on the final total. It is on these drug items that the greatest price increases have taken place.

At the same time price increases on some products which druggists use every day range up to 10 to 20 times pre-war prices. And even if willing to pay these prices, they frequently cannot get their supplies.

Supply Difficulties

This supply problem is a critical one. A glance at a few standard drug items tells why.

Quinine, widely used in fever and cold preparations, comes from the bark of the cinchona tree and the Far East areas such as Burma, the Philippines, and the Dutch East Indies were the normal sources of supply. These are now lost to the Allies. Synthetic substitutes are being developed but are not yet available in satisfactory volume and have not proved entirely acceptable.

Camphor, a basic product in the preparation of cold remedies and moth-killing preparations, came almost entirely from Japan. Substitutes have been developed, such as paradichlorobenzene. Equally satisfactory for the moth-killing use of camphor, these substitutes are becoming difficult to get due to the fact that they require chlorine, a critical material.

Best grades of olive oil used to come from France. Even secondary sources such as Italy and Greece are no longer available.

Russian Oil

Mineral oil of high grade has always come from the Russian Caspian area and reached Canada through Hamburg in pre-war days. This is no longer available, but substitutes are made both in Canada and in the United States.

The list could be multiplied indefinitely. Perfumes from France owe much of their excellence to the peculiar qualities in the grape alcohol which France produced. The denatured alcohol now used is not nearly so satisfactory.

Bristles for brushes came from Japan and China, sources now cut off or uncertain. Substitutes from synthetic materials are available and satisfactory but the quantity is limited.

Most medicinal herbs came from India and Africa. Supplies are uncertain, costs are up due to transport and war risks concerned and inventories are dwindling.

Oil From Norway

Norway used to supply the best grades of cod-liver oil. Ceiling prices on domestically produced cod-liver oil are said to mean that producers find more profit from the lower grades for use in leather tanning and animal and poultry feed than they do from the highly refined product required for human consumption.

Even the everyday vacuum bottle, widely sold in the lower priced groups before the war, used glass produced in Germany which was sent to Japan for the outer covering and then on to the Canadian consumer. The bottles and jugs made in this country are admittedly higher quality. But they are scarce due to their use of such materials as mercury, etc.

Prices Multiply

Turning to the price angle of the druggists' wartime difficulties, striking examples can be found. There is still said to be a limited amount of high-grade olive oil available in the United States. But where in pre-war days this could be bought for about $19 for a 40-gallon barrel, it would now cost at least $110 to $130 for the same amount—if you could get it. Citric acid used to cost 10 to 12 cents a pound; now the price ranges from $1.05 to $1.20 a pound when you can get it. For tartaric acid much the same price range prevails.

These items on which price increases have been so marked go into materials which the druggists must sell at a fixed ceiling price. It is admitted that much of the squeeze has been absorbed by the manufacturer and the smaller share is left for the druggist to handle himself. But many druggists do much compounding of their own products, particularly the larger units in the trade.

Import subsidies are available for manufacturers but do not work with complete satisfaction from the druggist's viewpoint.

A drug retailer who compounds a fair proportion of his products may apply for a subsidy on the entire cost of his materials. He is asked how much of this he uses as a manufacturer and how much as a retailer. Probably his answer will have to be that the larger proportion is used as a retailer and, if that is the case, his application for a subsidy is likely to be denied.

The examples quoted below, which were supplied to The Financial Post by a leading retail drug firm, make clear many of the problems which druggists are facing. It is noted that for this particular firm its legal ceiling prices on many of these items are less than actual cost. It suffers a loss without any provision for its selling costs. Obviously such conditions do not make for a sound business.

Wartime Price Changes

	Pre-War Price	Current Price	Ceiling Price
Citric acid, lb.	10c 12c	$1.05 $1.20	..
Olive oil, bbl.	$19	$110-$130	..
Acetylsalicylic acid (aspirin) lb.	27c	74c	..
Tartaric acid, lb.	17c	$1.15	..
Powdered alum, lb.	34c-35c	$1.20	75c
Aniseed, lb. ..	27c	80c	75c
Gilead buds (spices) lb. ..	30c-32c	99c	75c
Capsicum (spices) lb. ..	20c	58c	55c
Cassia buds, lb.	14c-17c	$1.16	40c
Thyme, lb.	47c-48c	$3.05	$2
Oil of juniper berries lb. ..	95c-$1.05	$21.60	..

Salaries Up 34%

Druggists have been forced to cut expenses to the limit. One firm tells The Post that its salary costs had risen about 34% from the beginning of the war up to the time wage and salary controls were imposed last year.

It is estimated that about 2,000 druggists had entered the armed forces in some way prior to November. The 1941 graduating class in Pharmacy in Ontario numbered only 91, thus highlighting the problem of securing enough qualified druggists. One firm reports a 60% loss in its staff of qualified druggists to date since the war started. It can replace with women for the ordinary

The Week in Business

Feature of business news this week is the announcement that the Dominion cost of living index has again moved up, this time by 1.2 points between June 1 and July 1. This is being reflected in the quarterly adjustment of the cost-of-living bonus being paid to the majority of wage earners and will add 60 cents a week to thousands of pay envelopes beginning with Aug. 15.

Outside of this indicators of physical volume of business again showed gains in June. Construction and electric power were higher but mining, manufacturing and distribution were lower.

Dividend payment, as measured by the Nesbitt, Thomson index, were up in July. The index rose to 122.6 from 121.8 in June and compares with 118.8 a year ago. The tabulation of amount of dividends due for payment this month, as prepared by The Financial Post, shows a moderate gain.

Railway net revenues in June this year are well above a year ago. For the Canadian National the gain is approximately $2 millions for the month and $6.7 millions for the first half of 1942, or 19.7%. For the Canadian Pacific the rise in June was about $100,000 for the six months $2 millions, or 10.2%.

Flour production in June this year was well below the level of a year ago at 1.3 million bbls. against 2.1 million. For the first six months of 1942 a decline of about 300,000 bbls., or 2.9% has been shown.

LATEST FIGURES AND INDICES
New items this week marked ■

	July	June	May	Apr.	Year Ago
The Financial Post business index	....	165.7	168.5	168.0	162.0
Dom. war expend. (million $) ...	....	138.3	204.9	142.2	64.6
Dom. total revenue (do.) ...	....	115.4	333.9	170.8	85.3
Dom. total expend. (do.) ...	....	423.6	386.2	247.5	89.9
Retail sales index no.	....	....	149.1	155.7	134.5
Dept. store sales index no.	....	133.5	140.1	148.8	123.1
Wholesale sales index no.	....	....	158.6	154.5	148.6
Country store (% change pr. yr.)	....	....	+11.7	+14.0	+8.8
■Divd. payment index♦	122.6	121.8	120.9	121.0	118.8
Bank deposits (1926=100)	....	160.1	167.6	169.8	157.4
RAILWAY FREIGHT LOADINGS—					
Tons	....	188.9	183.0	189.3	174.9
Cars	....	141.4	142.3	140.3	133.9
COST OF LIVING—					
D.B.S. index	117.9	116.7	116.1	115.8	111.9
EMPLOYMENT INDEX Nos. D.B.S.—					
All industries	....	....	167.4	165.2	145.5
Manufacturing	....	....	202.3	199.4	162.3
Payroll (June 1/41=100) (b)	....	125.6	124.0	121.6	100.0
Payroll index (a) (1937=100)	....	....	196	187	171

	1942	1941	Jan. 1 to date 1942	Jan. 1 to date 1941	% Change
RAILWAYS—					
■Carloadings (week July 25)	66,540	63,188	1,897,885	1,739,844	+0.9
C.N.R. gross (week July 21) $	7,487,000	5,845,000	191,722,000	158,521,000	+20.3
C.P.R. gross (week July 21) $	5,002,000	4,430,000	135,700,000	112,472,000	+20.6
■C.N.R. net revenue (June) $	10,821,000	8,849,000	40,893,950	34,128,769	+19.7
■C.P.R. net revenue (June) $	4,174,365	4,068,304	21,948,083	19,919,694	+10.2
IRON AND STEEL—(June)—					
Pig iron production (tons)	167,961	125,790	974,000	700,617	+39.0
Steel ingots and castings prod. .... (tons)	254,163	209,622	1,559,238	1,286,246	+21.2
AUTOMOBILES—(Number)—					
Passenger Cars: Domestic sales* .. (May)	849	10,158	18,570	49,984	—72.9
Trucks and Buses: Domestic sales* .. (May)	811	4,331	11,271	17,216	—34.5
Financing: Used .... (June) $	1,920,568	6,047,421	9,716,035	29,227,587	—66.8
New .... (June) $	367,163	3,751,141	5,212,646	22,673,149	—77.0
CONSTRUCTION—					
Contracts awarded . (June) $	46,756,200	85,747,500	134,947,200	215,466,600	—37.4
Cement prod., bbls. (Apr.)	619,907	568,681	1,602,615	1,531,733	+4.6
AGRICULTURE—					
■Flour prod., bbls. .. (June)	1,335,177	2,117,976	9,725,208	10,016,499	—2.9
Cattle sales▲ ...... (June)	92,559	82,866	524,829	476,488	+10.1
Hog sales▲ .... (June)	425,530	383,747	3,147,709	2,893,982	+8.7
SEA FISHERIES—‡					
■Catch, cwts. .... (June)	810,400	857,800	4,101,540	3,546,400	+15.6
■Landed value ...... (June) $	3,384,300	2,581,300	9,670,446	7,411,900	+30.4
NEWSPRINT—					
Production, tons ... (June)	242,762	273,687	1,658,174	1,621,134	+2.3
Exports .... (May) $	11,868,000	12,572,000	62,153,000	56,489,000	+10.0
MINING AND OILS—					
Coal prod., tons ... (June)	1,367,563	1,179,576	9,416,513	8,461,714	+11.2
Coal import, tons ... (May)	2,267,879	1,309,690	7,055,478	3,567,819	+97.7
Gold rec., fine oz. . (June)	398,695	405,631	2,370,188	2,539,879	—6.6
Crude oil, imp. gals.† (Apr.)	126,338	79,922	375,088	261,046	+43.7
ELECTRIC POWER OUTPUT—(June)					
Total monthly, 1,000 kw.h.'s	3,043,200	2,560,060	18,612,384	15,732,385	+18.3
FOREIGN TRADE—♦					
Imports .... (Apr.) $	141,946,063	106,268,419	548,514,620	402,264,731	+36.3
Exports .... (Apr.)	169,997,596	118,393,094	667,451,667	410,828,290	+62.5
OTHER INDUSTRIAL FACTORS—					
Dressed lumber exp.: 1,000 bd. ft. ...... (May)	172,854	152,756	701,305	782,052	—10.3
Shoes, prod., pr. ... (May)	2,816,432	2,843,157	13,602,147	12,175,597	+11.7
Cotton consump., lb. (June)	14,970,262	15,915,739	99,626,902	98,620,215	+1.0
Raw rubber imp. lb. (Apr.)	17,023,133	6,669,217	38,523,612	36,901,434	+4.4
Cigarette cons., No.† (June)	787,409	665,120	4,635,621	3,808,681	+21.7
Sugar manufactured .. lb.§	90,187,029	87,221,405	1,199,719,338	1,137,792,237	+5.4
FINANCE—					
Bank debits† ...... (June) $	3,767,042	4,240,630	21,591,707	18,810,099	+14.7
Bond sales† ...... (June) $	283,602	886,967	2,002,923	1,573,615	+27.2
Life insurance sales (June) $	43,898,000	33,670,000	238,780,000	198,766,000	+20.2

*D.B.S. All Canada figure covering 90% of the Canadian total.
‡Unrevised figures covering N.S., P.E.I., N.B., Que., B.C.
▲Total at yards and plants.
†000's omitted. §For four weeks to Dec. 31. ♦Gold excluded.
♦Supplied by Nesbitt, Thomson & Co. *Preliminary.
(a) Compiled by Canadian Bank of Commerce. (b) All industries.

Steel of Canada Sales Up 24%

Adding 250,000 Tons in New Ingot Capacity on Annual Basis

Steel of Canada is constructing a large electric furnace and a Bessemer converter, following arrangements made with the Dominion Government. This additional plant will provide added ingot capacity of about 250,000 net tons annually, which can be rolled into merchantable form without any additional expenditure for mill equipment.

The electric furnace is expected to be in operation by December of this year and the Bessemer converter in April, 1943.

Steel Co. reports that dollar sales increased about 24% in the first six months of this year over the same period of 1941. It does not expect such a rate of increase to be sustained for the balance of the year, as additional steel-making capacity responsible became effective a little over a year ago. Tonnage of steel now available from other producers has also declined.

Plate mill operations have been maintained to full capacity. Combined with heavy steel requirements for shell forgings from the company's subsidiary, Ontario Forgings, Ltd., other departments have been deprived of their normal quotas of semi-finished steel. Delays in the erection of the new unloading bridge will prevent its operation before the latter part of this month.

Flour Output Down in June

11 Month Total This Year Above Last Year to This Date

Canadian flour mills produced 1,335,177 barrels of wheat flour in June this year, compared with 2,117,976 barrels for the same month last year. The mills operated at 60% of rated capacity which amounted to 90,990 barrels this June against 96.9% a year ago.

For the 11 months ended June this year, flour mills in Canada have turned out 18.1 million barrels of wheat flour. This compares with 17.5 million barrels in the corresponding portion of the previous year.

Production of oatmeal at just under three million pounds this year compares with 11.1 million pounds last year. For rolled oats, a comparison is 170.9 million pounds this year and 111.6 million a year ago. Corn flour production is down slightly at 17.6 million pounds against 18.5 millions.

R. N. Hickson of Hickson & Yuille has been elected a member of the Montreal Curb Market. Mr. Hickson was recently elected to the Montreal Stock Exchange and is now sole partner in his firm.

Company Reports

Canadian Investment Fund

Canadian Investment Fund, Ltd., reports gross income of $206,204 for the six months ended June 30, 1942. This compares with $230,140 a year earlier. Net profit, after taxes and other charges, for the first half of this year is $184,964 compared with $205,126 last year.

Market value of securities held at June 30, 1942, was $6.4 millions and unrealized depreciation was $1.8 million. A year ago market value was $7 millions and unrealized depreciation was $1.3 million. Balance of paid in surplus account was $6.3 millions at June 30 last and of earned surplus $255,311.

Income and Surplus Account
Six Months Ended June 30

	1942 $	1941 $
Invest. income	206,204	230,140
Less: Expenses	8,341	8,883
Income & E. P. taxes	12,899	16,131
Net profit	184,964	205,126
Less: Dividends	207,854	181,323
Surplus for period ...	*22,890	23,803
Add. Prev. distrib. bal.	168,680	134,406
Tax adjustment	8,563	......
Cap. stock div. adj. .	4,722	653
Less: Share red. adj. .	431	2,599
Distrib. bal. fwd. ...	158,643	156,263
*Deficit.		
Earned per share	$0.08	$0.09

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■ Why not let us keep your war-bonds here in our vaults, and clip the coupons for you? We have a regular system for taking care of bonds on their interest-due dates. It would save you a lot of bother. Your account will be credited with the amount due on the date named. The charge is nominal — 25¢ per annum for bonds up to a value of $250.... one tenth of one per cent. for larger amounts.

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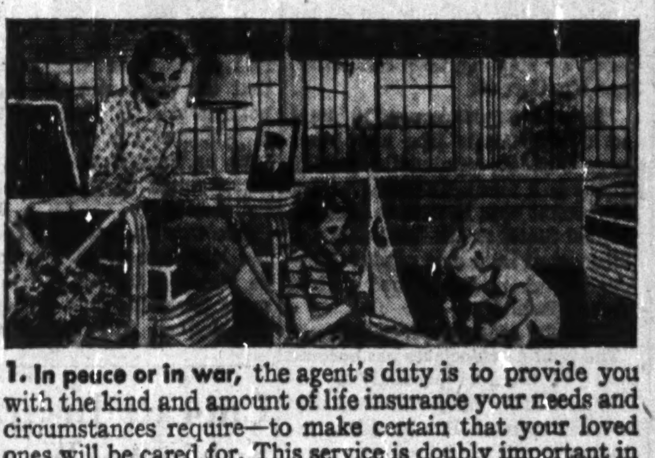
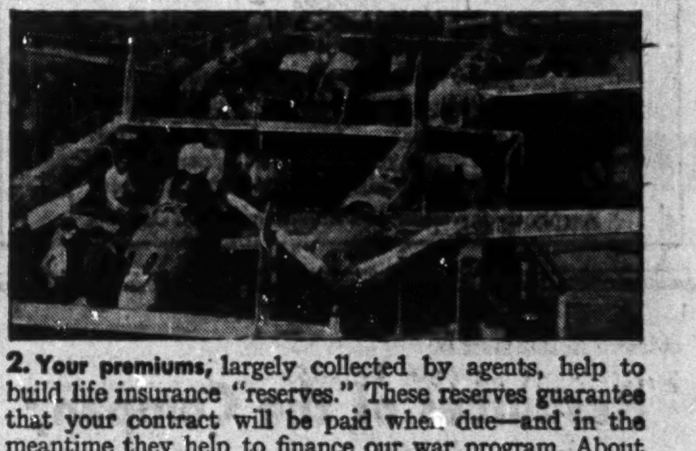
Meet a man who is busy on 4 home fronts

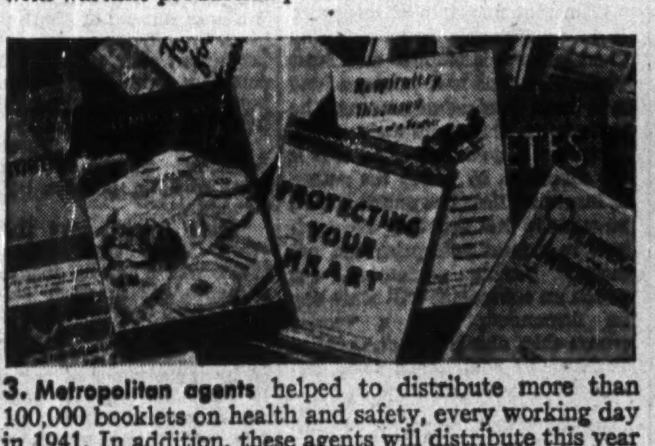
The man we refer to is your life insurance agent . . . and we should like to tell you about four of the important duties he performs as part of his daily work.



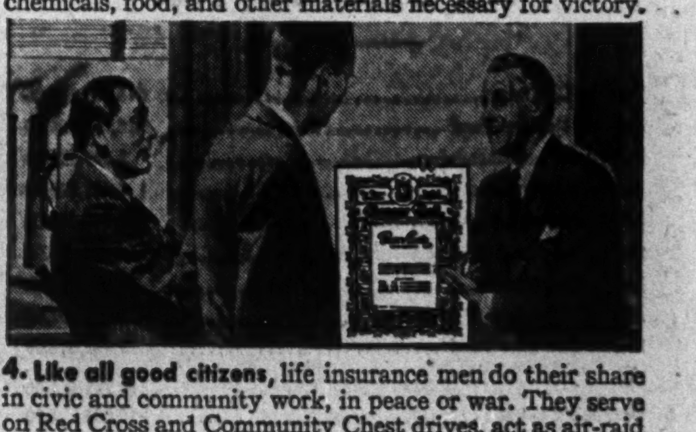
1. In peace or in war, the agent's duty is to provide you with the kind and amount of life insurance your needs and circumstances require—to make certain that your loved ones will be cared for. This service is doubly important in wartime while many men are away from home, and while those who remain at home devote their thoughts to coping with wartime production problems.



2. Your premiums, largely collected by agents, help to build life insurance "reserves." These reserves guarantee that your contract will be paid when due—and in the meantime they help to finance our war program. About 24% of Metropolitan's assets are invested in Canadian and United States Government Bonds. Other millions are helping to finance the industries that are pouring out steel, chemicals, food, and other materials necessary for victory.



3. Metropolitan agents helped to distribute more than 100,000 booklets on health and safety, every working day in 1941. In addition, these agents will distribute this year thousands of diet and nutrition posters in the interest of our countries' Nutrition Programs. Agents are also instrumental in bringing Metropolitan's Nursing Service to eligible policyholders. These are works of peace—but specially significant now, when time lost through sickness or accident slows down the nation's war production.



4. Like all good citizens, life insurance men do their share in civic and community work, in peace or war. They serve on Red Cross and Community Chest drives, act as air-raid wardens, and help in other defense work. We are proud of the way representatives of all life insurance companies helped to install, in offices and factories all over Canada, the Payroll Savings Plan—the Plan which makes it possible for employees to invest automatically a part of every pay cheque in War Savings Certificates.

All in all, your life insurance agent, indispensable in peace time, is doing *double duty* in wartime. His training and experience are at the nation's service in the interest of victory—on the fighting front in thousands of instances and on all four home fronts in the case of those who must remain behind.

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Metropolitan Life Insurance Company
(A MUTUAL COMPANY)
NEW YORK
Frederick H. Ecker, CHAIRMAN OF THE BOARD Leroy A. Lincoln, PRESIDENT
CANADIAN HEAD OFFICE, OTTAWA

This is Number 51 in a series of advertisements designed to give the public a clearer understanding of how a life insurance company operates. Copies of preceding advertisements in this series will be mailed upon request.

War Expenditures Boost Bank Deposits

Savings and Demand Accounts Up – Current Loans Down

Government expenditures for war supplies are causing a large increase in demand deposits with the chartered banks in Canada.

According to the regular monthly return of the banks to the Minister of Finance as at June 30, 1942, demand deposits were $158.4 millions higher than the month before and $304.8 millions above last year.

This and a substantial rise in savings deposits and a decline in current loans are the main features of the statement.

The increase in demand deposits, it is understood, reflects money paid over by the government to industrial concerns on account of war supplies. Much of it will in due course be distributed in wages and for raw materials but a large part of it remains with the banks. This is the money the government proposes to borrow from the banks on deposit certificates at a nominal rate of interest. The argument is that as this money came into being by the war expenditures of the government, the government is entitled to its use.

Savings Up $42 Millions

Savings deposits, which have been recovering from the drop when the second victory loan was floated, showed a further increase of $42 millions over the previous month and $131.2 millions from last year. The expansion is the result of the high income of the Canadian people. Total public deposits in Canada, including both savings and demand accounts accordingly, are almost $200 millions higher than at the end of May and some $436 millions higher than on June 30, 1941.

Dominion Government deposits have dropped $242 millions on the month and $431 millions on the year. This decline represents heavy war expenditures. Deposits of the provincial governments, however, have increased sharply, due probably to receipts from the Dominion government under the new income tax arrangement with the provinces.

Wheat Loans Liquidated

A decline in current loans of $66 millions from the preceding month and $142 millions from 1941 is attributed mainly to repayment of large amounts of money which had been loaned on wheat. As this grain is liquidated the amount of bank credit required to carry it declines. Part of the decline is also due to repayment of money borrowed to buy Victory bonds in February and March. Borrowing by industry has not been sufficient to offset these declines. Such industrial borrowing as there is, is mostly by companies engaged in war work, the non-war industries having little need for bank credit, owing to restricted operations.

Call loans in Canada are lower for both the month and the year, the result of continued decline in speculative activity. Foreign loans both current and call are lower for the month but the latter show an increase on the year.

Provincial Loans Down

Loans to municipalities and provinces were lower in all comparisons.

With deposits increasing faster than loans, The Financial Post Credit Index which is the ratio of current and call loans in Canada to demand and savings deposits in Canada shows a substantial decline from both the previous month and the last year.

Use of Bank Credits
(In Millions of Dollars)

	June 1942	May 1942	Change	June 1941	Change
Loans	1,164.9	1,243.8	—78.9	1,325.1	—160.2
Investments	1,883.0	1,877.5	+5.5	1,688.4	+194.6
Total	3,047.9	3,121.3	—73.4	3,013.5	+34.4
Deposits	2,887.3	2,688.4	+198.9	2,451.2	+436.1
Credit index*	37.3%	42.5%	—5.2%	49.9%	—12.6%

*Ratio of current and call loans in Canada to demand and savings deposits in Canada.

Assets

	June 1942 $	May 1942 $	Change $	June 1941 $	Change $
Immediately Available Liquid Assets					
Canadian coin	6,485,346	6,197,810	+287,536	5,933,938	+551,408
Bk. of Can. notes	99,037,423	92,898,356	+6,139,067	81,874,431	+17,162,992
Bk. of Can. depos.	221,404,211	185,983,324	+35,420,887	200,348,146	+21,056,065
Bank's cash	326,926,980	285,079,490	+41,847,490	288,156,515	+38,770,465
Other banks' notes	2,529,264	2,693,353	—169,089	3,700,122	—1,170,858
Gold, sub. coin abd.	2,840,021	2,567,483	+272,538	3,219,110	—379,089
Foreign banks	180,788,249	169,016,255	+11,771,994	196,722,738	—15,934,489
Foreign currency	44,711,082	36,837,163	+7,873,919	30,963,046	+13,743,036
Gov. sec. short term	788,800,215	702,538,527	+86,261,688	598,301,187	+190,499,028
Do., long term	837,299,987	915,111,395	—77,811,408	842,483,994	—5,184,007
Call loans abroad	54,181,434	62,434,294	—8,252,860	44,621,745	+9,559,689
	2,238,077,232	2,176,282,960	+61,794,272	2,008,173,457	+229,903,775
Loans and Other Securities Other Than Those of Canadian Government					
Municipal secs.	77,430,356	78,429,167	—998,811	89,274,808	—11,844,452
Public secs.♦	97,798,045	96,552,300	+1,245,745	63,945,078	+33,852,967
Other secs.	81,669,304	84,864,564	—3,195,260	94,452,476	—12,783,172
Can. call loans	28,156,485	29,026,820	—870,335	32,766,256	—4,609,771
Current loans	1,049,170,065	1,115,096,158	—65,926,093	1,191,085,437	—141,915,372
Loans abroad	133,866,452	138,773,258	—4,906,806	135,960,282	—2,093,830
Prov. loans	11,839,831	16,560,114	—4,720,283	14,743,151	—2,903,320
Mun. loans	75,771,113	83,156,268	—7,385,155	86,494,717	—10,723,604
	1,555,701,651	1,642,458,649	—86,756,998	1,708,722,205	—153,020,554
Other Assets					
Non-current loans	4,126,648	4,175,063	—48,415	5,501,168	—1,374,520
Real estate	6,020,730	6,119,135	—98,405	6,813,710	—792,980
Mortgages	3,481,420	3,427,371	+54,049	3,581,478	—100,058
Premises	69,408,985	69,611,559	—202,574	70,331,352	—922,367
Letters of credit	122,470,197	122,936,392	—466,195	94,250,398	+28,219,799
Loans to comp.	11,019,829	11,096,740	—76,911	11,035,073	—15,244
Other assets	1,918,409	2,050,653	—132,244	1,868,779	+49,630
	218,446,218	219,416,913	—970,695	193,381,958	+25,064,260
Total	4,012,225,101	4,038,158,522	—25,933,421	3,910,277,620	+101,947,481
Note circ. dep.	4,578,733	4,503,923	+74,810	4,928,770	—350,037
Int. bank bal.	177,745,750	139,726,322	+38,019,428	152,720,333	+25,025,417
Gross	4,194,549,584	4,182,388,767	+12,160,817	4,067,926,723	+126,622,861

LIABILITIES

	June 1942 $	May 1942 $	Change $	June 1941 $	Change $
To the Public					
Circulation	74,484,996	74,059,133	+425,863	84,144,726	—9,659,730
Dom. Govt.	129,117,217	371,055,242	—241,938,025	560,902,477	—431,785,260
Prov. Govt.	104,467,497	58,226,922	+46,240,575	62,631,421	+41,836,076
Deposits by Public					
Demand dep.	1,289,174,406	1,132,679,645	+156,494,761	984,330,908	+304,843,498
Savings dep.	1,598,136,326	1,555,675,615	+42,460,711	1,466,936,129	+131,200,197
Total	2,887,310,732	2,688,355,260	+198,955,472	2,451,267,037	+436,043,695
Foreign dep.	506,011,744	496,110,173	+9,901,571	449,392,800	+56,618,944
Due to Banks Abroad, Etc.					
United Kingdom	20,268,216	23,566,224	—3,298,008	21,910,715	—1,642,499
Foreign	33,777,240	33,009,121	+768,119	28,125,630	+5,651,610
Bills payable	37,939	37,349	+590	7,110	+30,829
Letters of credit	122,470,197	122,936,392	—466,195	94,250,398	+28,219,799
Other liabs.	4,422,909	4,417,745	+5,164	5,017,008	—594,099
Total pub. liabs.	3,882,368,687	3,871,773,561	+10,595,126	3,757,649,322	+124,719,365
Due bet. banks	12,799,577	17,702,902	+1,096,675	12,633,191	+166,386
Liability to Shareholders					
Dividends	1,490,304	2,225,092	—734,788	1,517,381	—27,077
Reserve	134,750,000	134,750,000	....	133,750,000	+1,000,000
Capital	145,500,000	145,500,000	....	145,500,000	....
Gross	4,176,908,568	4,165,951,555	+10,957,013	4,051,049,894	+125,858,674

♦Other than Canadian.

Weekly Bank Clearings

	July 30 1942 $	Change Year Ago %	July 23 1942 $
Halifax	4,944,498	+53.8	4,109,740
Saint John	2,141,915	+17.3	2,447,935
Moncton	1,197,409	+33.3	1,220,516
Sherbrooke	930,035	—7.6	1,072,048
Quebec	5,776,914	+19.8	5,708,747
Montreal	100,000,933	+2.3	129,576,427
Ottawa	43,587,077	+44.0	39,615,261
Kingston	680,147	+6.7	743,638
Peterborough	654,951	—5.3	833,840
Toronto	121,117,533	+14.8	158,489,764
Hamilton	6,009,325	—1.8	7,161,179
St. Catharines	1,286,650	+4.3	1,571,232
Kitchener	1,106,222	+6.1	1,281,316
Brantford	866,751	—5.1	1,085,816
London	2,501,471	+12.3	2,707,038
Chatham	611,361	+12.2	553,928
Windsor	3,970,296	+20.4	6,482,544
Sarnia	386,315	+20.1	490,928
Sudbury	1,119,640	—0.4	1,022,504
Fort William	1,122,258	+5.1	990,900
Winnipeg	40,504,771	—18.3	41,079,645
Brandon	459,258	+12.5	509,207
Regina	6,013,018	+52.3	4,936,302
Moose Jaw	659,135	+15.4	689,230
Saskatoon	1,657,633	+12.6	1,854,112
Prince Albert	438,119	—1.4	462,615
Edmonton	5,231,023	+14.7	6,352,073
Calgary	5,897,552	+1.8	6,425,350
Lethbridge	591,940	+19.4	693,244
Medicine Hat	296,508	—11.6	378,121
N. W'minster	1,150,019	+20.1	916,849
Vancouver	22,006,086	+12.6	27,014,560
Victoria	1,748,668	—14.8	2,360,885

Staff Changes

The Canadian Bank of Commerce announces the following staff changes:

E. V. ILLSEY, manager Seattle, Wash., to be manager Hamilton, Ont.

T. P. MACKENZIE, manager Hamilton, Ont., to retire from active service.

R. GREGOIRE to be manager Cadillac, Que.

H. J. STEVENS to be manager Keremeos, B.C.

A. E. HARDY, manager Keremeos, B.C., to be manager White Horse, Yukon.

Insurance Notes

Dr. Henry Havelock Chown is celebrating his 50th anniversary with the Great-West Life Assurance Co. He graduated from Queen's University in 1880 and joined the Great-West Life in 1892. He played a great part in founding present underwriting practices and establishing the medical department of the company.

* * *

Although G. A. Bowden, life secretary of the Royal Insurance Co. for the last 12 years, has reached the age when he would normally retire, he has been asked to continue in active service on account of the unusual conditions due to the war. To relieve Mr. Bowden of some of his more arduous responsibilities, J. P. Gerty has been appointed life secretary and Mr. Bowden becomes joint life secretary. The appointments are effective from August 1.

Mr. Bowden has been with the Royal 32 years.

* * *

Eustace A. Brock, secretary of the Great-West Life Assurance Co., who has been serving for 18 months as liaison officer between the British and Canadian admiralties, has been promoted from the rank of commander to that of captain in the Royal Canadian Naval Volunteer Reserve.

Brewing Corp. of America, in which Canadian Breweries has a substantial interest, reports net profits equivalent to $3 a share in the nine months ended June 30, 1942, compared with $2.45 a share in the corresponding period of 1941.

Less Sterling Held By Bank

Note Circulation of Bank of Canada Again Rises to $560 Millions

Drop of $22 millions in holdings of sterling and United States exchange is shown in the Bank of Canada statement for the week ended July 29. This decline, believed entirely in sterling, follows an increase of almost $55 millions the previous week. These fluctuations, it is understood, reflect partly dealings with the Foreign Exchange Control Board in regard to Canada's financial aid to Britain and partly transactions in sterling on account of Canada's overseas army. In view of the volume of transactions taking place, these fluctuations are to be expected.

Note circulation of the bank rose another $4 millions to $5.60 millions.

	July 29 1942 $	July 22 1942 $
Liabilities		
Capital paid-up	5,000,000	5,000,000
Notes in circ.	560,953,984	558,554,595
Rest fund	5,585,705	5,585,705
Deposits: Dom.	46,134,925	34,175,642
Banks	250,442,989	286,427,686
Other	13,327,504	12,461,468
Total deposits	309,905,418	333,064,796
All other liabs.	8,880,744	9,577,342
Total liabs.	890,325,851	909,782,438
Assets		
In Sterling & U. S.	33,705,464	55,705,464
Subsid. coin	408,725	429,518
Investments:		
Dom. gov. sh.	504,347,467	506,853,714
Othe Dom. gov.	338,134,372	332,186,561
Total invests.	842,481,839	839,040,275
Premises	1,930,963	1,990,321
All other assets	11,738,860	12,616,860
Total assets	890,325,851	909,782,438

Eagle Star

Increased premium income and lower loss ratios are shown by the Eagle Star Insurance Co. of London, England, in its annual report for 1941. Results generally were profitable, the margin in practically every case being higher than in the previous year.

Total premiums in all departments except life were over $17 millions, an increase of approximately $600,000 over the previous year. Calculations are on the basis of £1 equals $4.89.

Fire premium income increased by $312,000 to over $4.4 millions. The incurred loss ratio was 42.1% compared with 46.6% in the year preceding.

Premiums in the automobile department at over $5.9 millions were more than $500,000 higher than in the previous year. The loss ratio was 48.1% compared with 66.4% in 1940.

Sir Edward Mountain, chairman of the Eagle Star, in his remarks at the annual meeting explained there had been a substantial drop in the number of frost claims during the year. Difficulty in getting cars repaired, he indicated, had caused car owners to be more careful than in previous years.

Employer's liability premiums amounted to around $1.8 million the loss ratio being 46.7%.

Personal accident, general insurance and Marine premiums were lower than in the previous year but loss ratios on the first two were lower with the marine loss ratio slightly higher.

In the life and annuity branch premium income was $7.2 millions.

Total assets at Dec. 31, 1941, were over $134.1 millions.

The Eagle Star has been licensed by the Dominion Government since 1915. Head office for Canada is at Toronto with J. H. Riddel as managing director.

Broadening of Policies Urged

B. C. Superintendent Garrett Discusses Insurance Trends

Need of the insurance business adjusting itself to changed conditions is stressed by H. G. Garrett superintendent of insurance for British Columbia, in his report for 1942 covering the business of 1941 just issued. More comprehensive policies giving the public broader coverage he indicated as one of the means of meeting new conditions. Says Mr. Garrett:

"Insurance must respond to altered circumstances like any other large business serving the public. There is a forward-looking school of thought both in Canada and the United States which holds that the business of insurance needs a thorough overhaul and a good deal of modernization."

Public More Appreciative

The public he declares has become aware of the real necessity of insurance and its value and can easily be made more so. But he thinks insurance should not be sold as a mere commodity and he describes the methods of the market as unsuitable. He continues:

"The root principle of insurance is to save people from suffering great loss and is founded on a basis of contributions to a common fund by a large number of persons. The philosophy of it is mutuality,—cooperation and sharing—and that is the direction, in which the future of insurance lies. The public should be made to feel that they are partners in a joint enterprise and not merely buying something, for which an equivalent will some day be demanded, from a vendor whose chief aim is to make profits. Perhaps we shall learn some lessons from the war."

The claim that the people of Canada and their property are underinsured Mr. Garrett believes has a more particular application today when values are tending upward and replacement is difficult if not impossible. While he finds the public becoming more aware of the need of insurance he also indicates they are becoming more claim-minded.

Ample scope for expansion of the business is seen by Mr. Garrett but he lays down the essential condition that the price must be right. The policyholder he urges must feel he is protected and "when misadventure or misfortune befall, not be disappointed to find the risk was not covered."

Accordingly, he states the aim of the insurance companies should be to make their policies more and more comprehensive. "And as they do, so they will find a more responsive market," he adds.

Broadening of the coverage given by a standard policy to meet the needs of the public Mr. Garrett has previously declared necessary as more convenient and more likely to give the individual the protection he needs. In his report a year ago he declared "multiplicity of policies and endorsements must be eliminated."

Recent revisions of the fire policy in Ontario and Quebec have given materially wider coverage.

Automobile Insurance

While admitting the experience in life insurance in British Columbia to be satisfactory during 1941, Mr. Garrett urges greater care by motorists to reduce loss of life and property. With cars generally, under war conditions, likely to be used as long as they will travel and the tires hold out, he places special importance on the human factor as the main factor in safe driving.

Cut-rate Insurance Subject of Warning

A warning against "certain American cut-rate insurance companies" has just been issued by the Better Business Bureau of Montreal, which gives this advice to people who are taking out policies: "First, know the company from whom you plan to buy protection; second, know the kind of protection you are buying."

According to the bureau, some American insurance firms have been offering policies by mail to Canadians.

"Quite often," says the bureau, "they make such statements as 'Your whole family insured for $1 a month,' or in other cases 'three cents per day.' Buried in small type appears the provision that benefits to be derived will be divided by the number of persons listed. In one such case a policy-holder whose son was killed in an automobile accident received only one-eighth of the amount insured for, which was insufficient to pay even the undertaker."

Life Insurance Dividends Reduction Is Forecast

Upward trend of life insurance premium rates is noted by H. G. Garrett superintendent of insurance for British Columbia in his annual report for 1942 just issued.

Attributing the increase to the declining rate of interest on invested funds, Mr. Garrett says that while for many years an earning power of 3½% and even 4% on invested funds was looked on as conservative, the companies today have huge sums invested in war bonds giving a low yield and it is difficult to find adequate investments with higher returns. Two of the larger companies, he notes, are already computing their reserves on a basis of 2½% and 2¾% and he believes all companies will probably be bound to take a similar step. It is a corrollary of these conditions, he says, that the liberal dividends to which policyholders have been accustomed will have to be reduced.

Other developments in the life insurance field noted by Mr. Garrett are: growth in the annuity branch of the business and an increase in the number of women buying life policies.

He also regards it as significant that more Canadian life companies are entering the field of accident and sickness insurance. These operations, he believes, will be confined at first to group contracts in conjunction with group life policies, but the expansion he describes as a logical one.

Pamour Earnings Increase 12%

As compared with the first half of 1941, operations at Pamour Porcupine Mines, Ltd., in the first half of 1942, resulted in an estimated 12.6% decrease in net earnings per share. First half production amounted to $1,195,585 in 1942, and in 1941 to $1,269,123.

James Y. Murdoch, president, states that a small dividend may be paid later in the year. None has been paid so far in 1942. Two interim dividends of six cents each were paid in 1941.

Scarcity of labor is becoming critical, says Mr. Murdoch. Only 254 men are now employed underground instead of a normal force of 343.

Since the end of the year, about 13,000 tons of ore have been drawn monthly from broken reserves, which now amount to approximately 575,000 tons. Such reserves a year ago were estimated at 560,000 tons. Most of the reserve this year is in large low-grade stopes at the east end of the property. There is very little in the higher grade stopes to the west.

Mill operations are now limited to approximately 1,612 tons per day, in accordance with recent regulations issued by the Metals Controller

Earnings Statement
Six Months Ended June 30

	1942 $	1941 $
Prod., less mktg. exp.	1,195,584	1,269,123
Less: Oper., adm. & gen. expense	757,564	756,983
Res. for taxes	86,750	125,300
Oper. revenue	351,270	386,840
Add: Misc. income	21,194	16,660
Net earnings	372,464	403,500
Less: Deprec. (est.)	97,500	96,000
Deferred devel. w/o	44,400	44,400
Estimated net profit	230,564	263,100
Earnings per share	$0.0461	$0.0526
Tons milled	293,321	272,088
Recovery per ton	$4.08	$4.67

The Wawanesa Mutual Insurance Company
—Organized in 1896—

Admitted Assets	$3,310,837.04
Surplus	1,735,148.47

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London Offices at 29 Threadneedle St., E.C.2. and 47 Berkeley Square, W.1.
Agency arrangements with Banks throughout Canada.

Resources of the Company as at 31st December, 1941

Paid-up Capital	$16,303,110.00
General Reserve Fund	12,166,500.00
Profit and Loss Account	2,697,333.00
Provision for Pension	1,459,980.00
Life Assurance and Annuity Funds	76,047,350.00
Sinking Fund and Capital	4,638,989.00
Redemption Fund	2,231,059.00
Accident, Employers' Liability, Etc.	5,128,691.00
Marine Insurance Fund	3,462,644.00
	124,135,656.00
Uncalled Capital	10,008,737.00
	$134,144,393.00

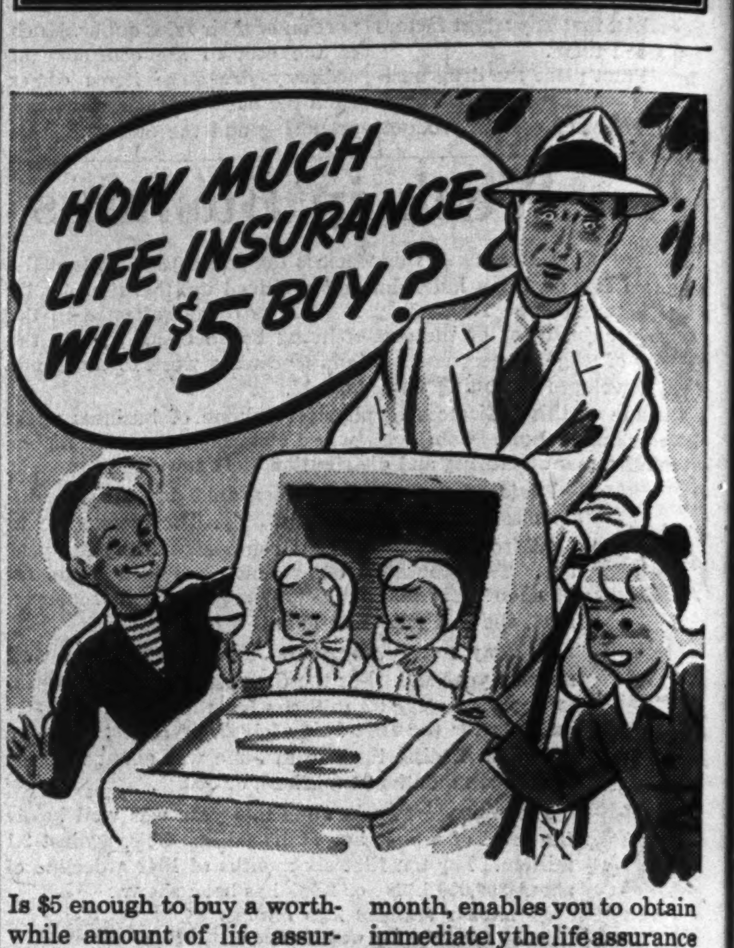
PREMIUM INCOME

Fire, Marine, Employers' Liability, Accident, Motor & General Departments	$17,097,368.00
Life, Annuity, Etc.	7,287,257.00
	$24,384,625.00

EAGLE STAR INSURANCE COMPANY LIMITED OF LONDON, ENGLAND
HEAD OFFICE FOR CANADA: 217 BAY ST., TORONTO
J. H. RIDDEL, Manager for Canada
V. G. CREBER, Ass't Manager
A. C. RUBY, Br. Mgr., WINNIPEG M. NEVILL, Br. Mgr., VANCOUVER

REDUCED FIRE RATES ON DWELLING POLICIES makes possible ADDITIONAL PERILS COVER WITHOUT INCREASING PREMIUMS
THE GENERAL ACCIDENT GROUP 357 BAY STREET TORONTO

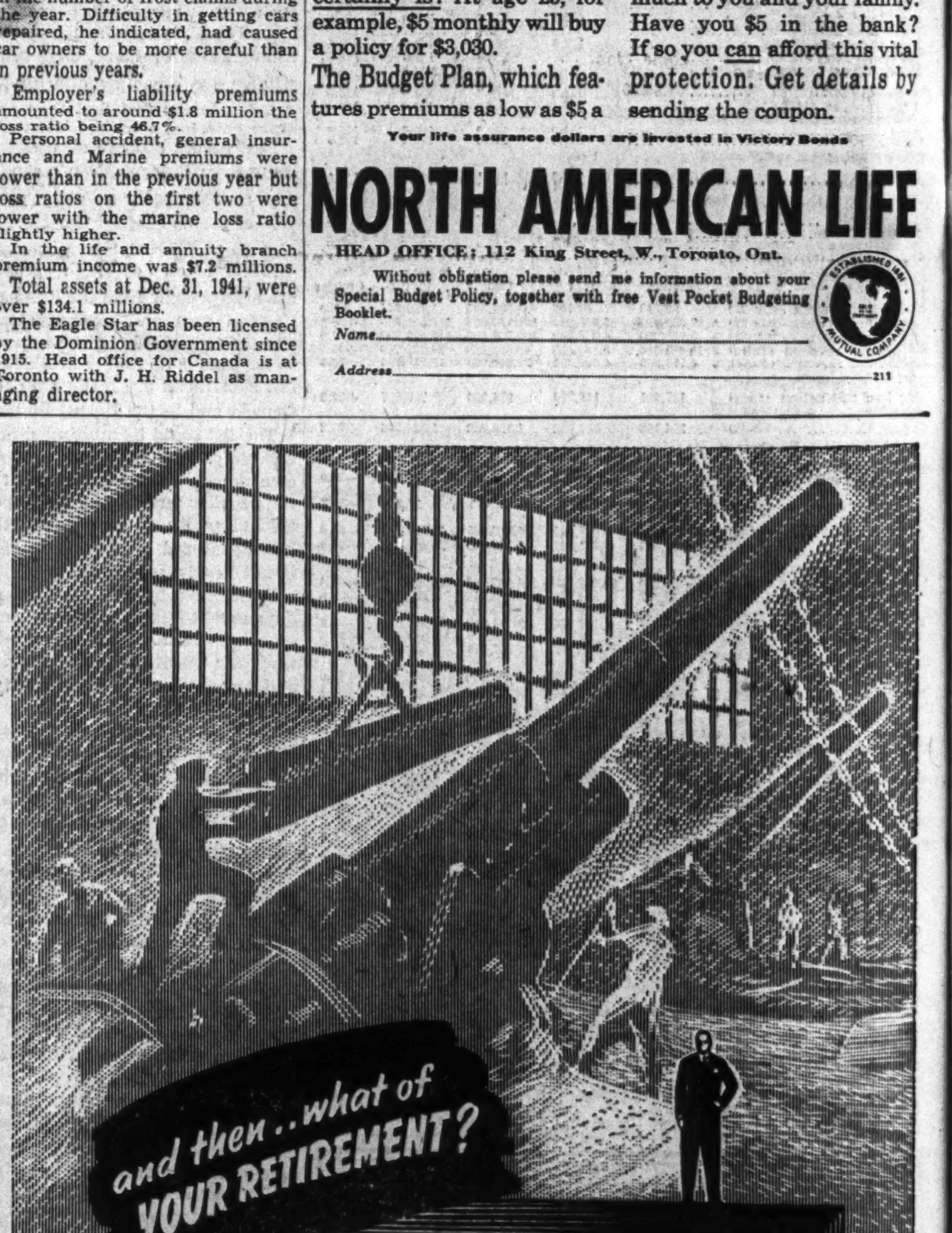
ESTABLISHED 1906 THE MONARCH LIFE Assurance Company A PROGRESSIVE CANADIAN COMPANY



Is $5 enough to buy a worth-while amount of life assurance protection? It most certainly is! At age 25, for example, $5 monthly will buy a policy for $3,030. The Budget Plan, which features premiums as low as $5 a month, enables you to obtain immediately the life assurance protection that will mean so much to you and your family. Have you $5 in the bank? If so you can afford this vital protection. Get details by sending the coupon.

Your life assurance dollars are invested in Victory Bonds

NORTH AMERICAN LIFE
HEAD OFFICE: 112 King Street, W., Toronto, Ont.
Without obligation please send me information about your Special Budget Policy, together with free Vest Pocket Budgeting Booklet.
Name
Address 211



So much work to be done ... hard work, different work ... and not a minute to be lost. But when the time comes to retire, will you be able to leave your bench, or your desk, and enjoy a rest well earned? Or will it be the hopelessness of too little, too late?

Let a Great-West Life man show you how small, regular amounts laid away now will assure you a guaranteed income for later years, and in addition, afford constant protection for your family.

THE GREAT-WEST LIFE ASSURANCE COMPANY
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Vol. XXXVI | Member of Audit Bureau of Circulations | PUBLICATION OFFICE: TORONTO, AUGUST 8, 1942 | 10c a Copy; $5.00 a Year | No. 32

Ottawa Would Borrow $150 From Everybody

Planning $1,800 Millions in War Loans and War Savings This Year

By KENNETH R. WILSON

When lean, overworked James L. Ilsley told parliament the other day about the toughness of his war finance, he was careful to avoid definite estimates. He did not venture to predict just how much money he thought we could raise by voluntary savings or from exactly what sources this money would have to come. But on the total figure needed, he was definite enough and that was the staggering sum of $1.8 billions, or $150 for every man, woman and child in the Dominion.

This is the amount of money the Dominion government counts on borrowing this year from the people of Canada to help finance the war effort. It is exclusive entirely of taxation. It must come as a voluntary loan in the form of purchases of war loan and war savings certificates from the various financial institutions, the business corporations big and small, the war plants and the 11 million-odd private citizens.

It is hardly necessary to add that it is by long odds, the biggest borrowing campaign ever undertaken in Canada.

Mr. Ilsley didn't go into details regarding the scope of this campaign, but this does not mean that plans are not being perfected.

Obviously, no organization of the competence of the National War Finance Committee would tackle its job without some blueprint of potential national savings and, subject to continuous revision, of course, some details of the stupendous task are now beginning to emerge.

The goal, so far as the National War Finance Committee is concerned, is personal and corporate saving "at the rate of" $1,800 millions annually.

Source of Money

Where will this money come from?

In brief, about $600 millions from corporations and institutions; about $1,200 millions from personal savings of 2½ million "average" Canadians—especially wage-earners.

Wherever possible, this money must be "current" income. Ottawa would refuse no one's dollar in these days of staggering commitments, but the transfer of accumulated bank balances or other savings which would not ordinarily enter the purchasing power "stream," is not what Ottawa thinks of as "good" money. It is not the sort of transaction that gets at the root of the inflation problem.

Ideally, Ottawa would like all of these $1,800 millions to be "good" dollars; that is, dollars which otherwise would have gone out into the world to compete for a diminishing supply of goods and services.

From Business

Where will the $600 millions of corporate dollars come from?

Possibly $120 millions may come from life insurance companies. The increase in life insurance assets is about $105 millions annually—almost all of which has been going into Victory Bonds. But this year, with mortgage and policy loans being repaid at a much greater-than-normal rate, $120 millions from life insurance companies is not an impossibility.

That leaves $480 millions from corporations.

But where will Canadian business get that much money in 1942-43 with 100% Excess Profits Tax and a 20% "freeze" of refundable taxes?

There are three possible sources of corporate saving: (a) undistributed profits, (b) depreciation account, (c) reduction in inventory.

For 1942-43 and hereafter, the amount of undistributed profits available for investment will diminish. Ottawa has no illusions about that. But firms will still be writing off considerable amounts for depreciation, even though unable to spend this money due to lack of materials, equipment, "priorities." To the extent that plants are not renovated and replaced the money should be available for investment.

The same is true to perhaps a lesser extent with inventories. An analysis of the working capital position of 135 leading Canadian industrial firms, made by The Financial Post some weeks ago, showed inventories at $416 millions, an increase of $64 millions (18%) from 1940, and higher by $134 millions (48%) as compared with 1939. It is thought inevitable that inventory positions will decline sharply in the next twelve months, thus releasing some money which should find its way into Victory Loans.

How nearly possible it will be to raise $600 millions from corporate and institutional sources may be gauged in part by past performance.

Second Victory Loan

In the last Victory loan "special names" contributed about $660 millions of which $152 millions was conversions and the balance ($508 millions) came from corporate funds. This represented the "accumulation" of approximately eight months (the time which had elapsed since the previous loan). On a 12 months basis, if corporate investors did as well now, the figure would be about $750 millions. (On the basis of past performance it is not likely there will be more than one Victory Loan between now and March 31, 1943, which is the time at which most corporation loan subscriptions will be received.)

The Second Victory Loan figures, by the way, included not only much larger undistributed profits than will be available in future, but also the exceptional, fortuitous circumstance that prior to the loan many Canadian companies were "long" on Canadian cash through the sale of C. N. R. bonds at New York.

From the Citizen

And now what about the $1,200 millions that Mr. Ilsley plans to borrow from the "average" Canadian?

Currently, Canadians are buying between $80 and $90 millions of war savings certificates a year. With an intensified retail outlet sale it is possible that this might be pushed to $200 millions.

Apart from war savings stamps and certificates, the broad "objective" for bond sales is "at the rate of" $1,000 millions annually. This compares with an "annual" saving rate of $510 millions a year for Canadians on the basis of the $340 millions contributed by individual investors in the last loan. (Up till now, finance plans have been predicated on the basis of three loans in two years, which has given investors approximately seven or eight months in between each loan to pay up their instalments. As pressure increases the tempo may have to be speeded up considerably.)

It would be fallacious to think that the savings of individual investors need only be increased from an annual rate of $510 millions to $1,000 millions. The fact is that the new budget taxes have scooped off about $300 millions of investment "cream" which was tapped in previous loans. In short, the realistic view is that the present "starting" point for voluntary saving in Canada is $210 millions annually rather than $510 millions. This means that there must be an increase of approximately $800 millions or almost 300%.

Where will this money come from?

Of course there will be a blitz campaign touching every group and income level in Canada. But there are no illusions at Ottawa as to the fact that former key sources of loan subscriptions—people in the $3,000 to $10,000 income classes—must in considerable measure be written off so far as big total contributions are concerned. This because of the inroads of the new and earlier taxes. Returns from this group even in the last Victory Loan were disappointing.

Instead, the eyes of war finance officials are trained on two big sections of the community: the farmer and the rank and file wage-earner—the man earning $2,000 or less.

Though there are but few figures to prove this, or little to demonstrate (statistically) the present trend, it is thought that at least 75% of the national income is earned by men and women earning less than $2,000 a year. If national income in 1942-43 touches $7 billions, then there is purchasing power at this level of at least $5 billions.

To tap this money means a tremendous increase in the number of loan subscribers. In the last loan possibly 1.5 million wage-earners or persons earning $2,000 or less contributed to the loan. In the next loan at least 2.5 millions will be required.

Says one War Finance Committee official: "It's the most available money but it's the hardest to get. To get it we must widen our organization tremendously. We may even have to approach the British 'Warden' system with a key man in every half block. If we could enlist and inspire 150,000 war loan workers with the 'light in their eye' we could do the job.

"One reason the job is such a tough one is that much of this voluntary saving must be done at the cost of a lowered standard of living. It is difficult enough to cut living standards through taxation or compulsory savings. It is much harder to do this on a voluntary basis. But clearly, this is the goal which Mr. Ilsley has set for us."

Another way of realizing what the programme involves in terms of the $2,000 wage earner is to make a rough and oversimplified parallel between the budget figures themselves and this "average" person.

Out of $7 billions of income, Mr. Ilsley plans to spend $4 billions for war and other government expenditure, leaving Canadians $3 billions for "living." Of the $4 billions about half is being collected in taxes. Most of the remainder is to be found by voluntary saving.

If this "national" budget could be translated directly in terms of a personal budget, a man getting $2,100 a year would have to set aside $1,200 for war and government costs and live on the remaining $900. Of the $1,200 representing war and other costs he would have $700 taken from him in taxes and would be required to loan the remaining $500 to the government. (The actual 1942 income tax of a childless married man earning $2,100 would be $475 including $210 of refundable taxes. Most of the "balance" would presumably be made up through indirect taxes whether collected in the form of sales taxes, or indirectly through corporation taxes, etc.)

Last, but not least, the farmer.

Best available information indicates that in 1942 Canadian farmers will report the highest cash income in history—certainly the best since 1928. The total will probably be in the neighborhood of $1,000 or $1,100 millions. This compares with about $875 millions in 1941 and something over $700 millions in 1939.

After allowance for estimated cash expenses the net cash income should total between $500 and $600 millions—almost double the amount of 1938.

How much of this increased income can be diverted into victory bonds is yet to be seen. War Finance officials won't make any estimate as yet but they are planning to organ-

(Continued on page 13)

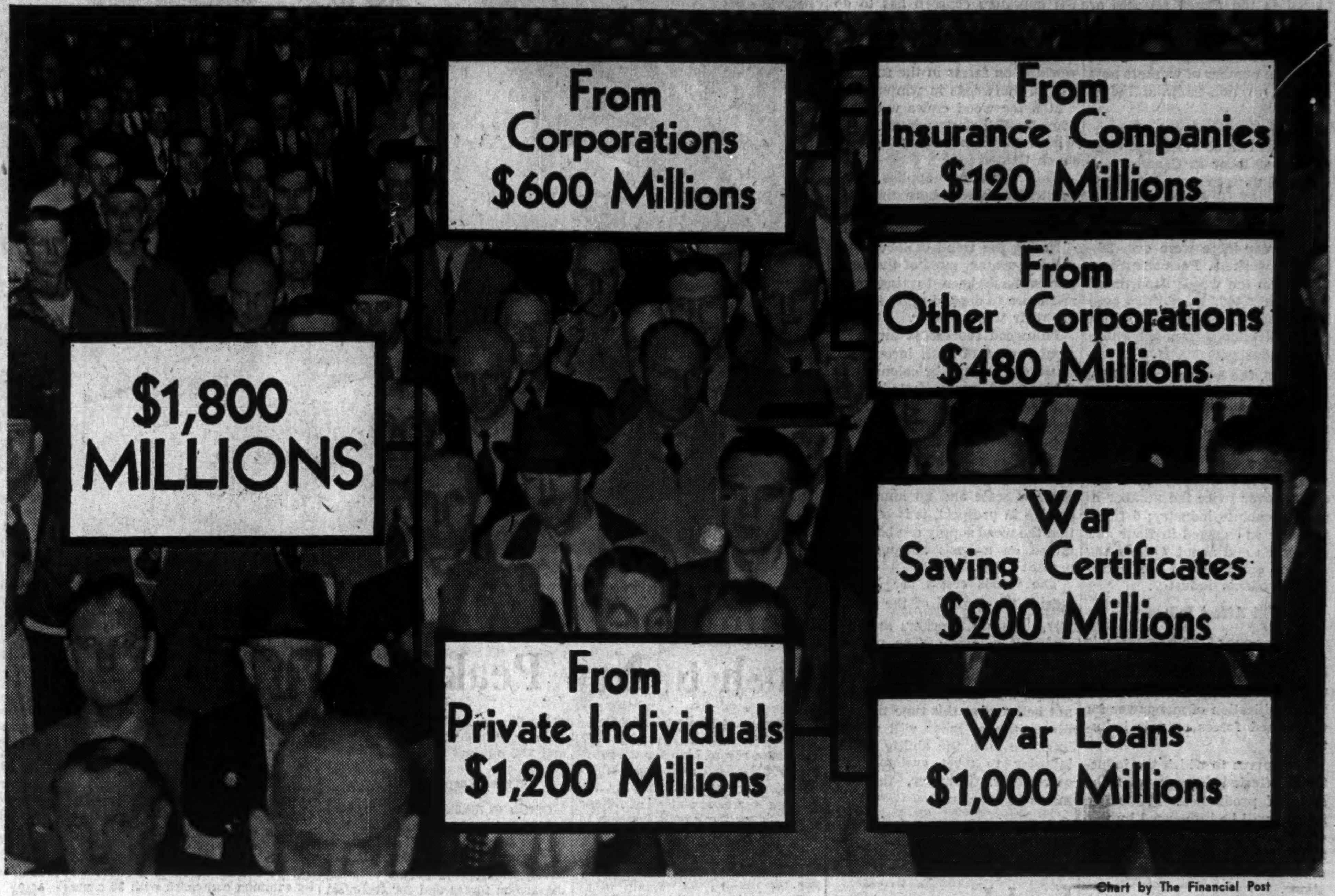

Chart by The Financial Post

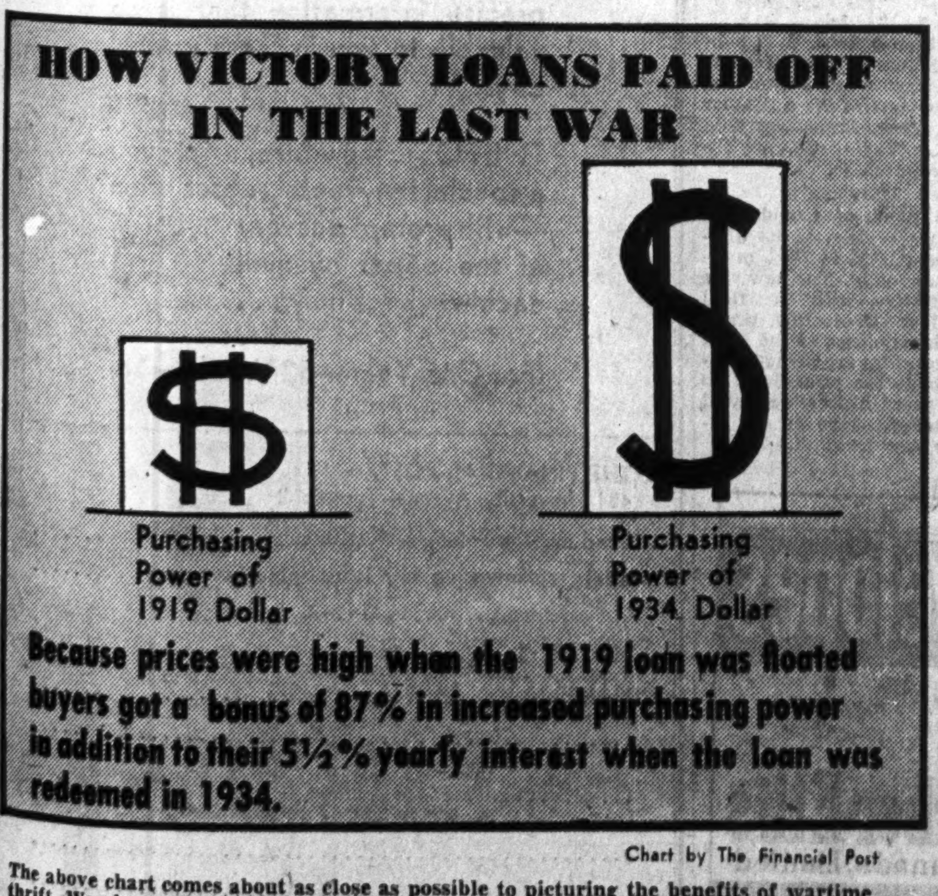

Chart by The Financial Post

The above chart comes about as close as possible to picturing the benefits of wartime thrift. War has reduced the buying power of the dollar, partly through price rises, partly through disappearance of merchandise. As shortages become more intense, postponement of spending becomes increasingly profitable.

We Approach the Housing Problem

Dr. E. G. Faludi is an eminent European housing authority now resident in Toronto, where he has been making a study of Canadian housing needs.

The opinions expressed in Dr. Faludi's article are his own, and do not necessarily agree with those of The Financial Post.

By DR. E. G. FALUDI

Canada is setting out to take its first real wartime steps toward attempting to solve the housing shortage. One step was last week's announcement by Finance Minister Ilsley of a $1 million increase in the National Housing Act appropriation to aid financing construction of small permanent houses in congested urban areas, and $2 millions to convert large houses into apartments. Another step is Munition Minister Howe's statement that Wartime Housing Ltd. is ready to go beyond its practice of erecting houses only for war workers, and lend its help to others hard up for housing accommodation.

However, these moves just touch the fringes of the real problem. The $1 million appropriation will not go very far toward meeting the pressing situation. The $2 millions conversion provision has already run into some technical rapids; in some cities, residential by-laws in some districts forbid conversion of large homes into apartments. The possibility exists that present needs for living accommodation will override those municipal by-laws.

It is obvious that with the high cost of building, the amount offered by the government will just take care of the accumulating shortage of the lower middle income group, and will reduce very little, if at all, the number of families compelled to live in physically substandard houses. Unless much more rapid action is taken, combining private and public initiative, the cities will continue to disintegrate as functioning organisms faster than mildly remedial action can counteract.

The enlargement of the scope of Wartime Housing operations carries with it the fact that a large-scale permanent problem is being treated by temporary methods. However, the real importance of Mr. Howe's statement lies in the official recognition of the housing problem's social implications. Mr. Howe said:

"It must be recognized that housing for permanent population is the responsibility of the city or municipality and therefore Wartime Housing Ltd. can assist the local authorities, but cannot assume full responsibility."

This is the first official statement in Canada's history that housing is a matter of public concern.

Thus, under the pressure of the tremendous need and public opinion, has the government discovered that the housing problem itself is but a part of a much wider problem of social and economic organization. This can be realized from the conditions which will govern the assistance by Wartime Housing Ltd., as outlined by Mr. Howe:

1. Building area or areas are to be zoned for residential purposes and no inferior houses are to be erected therein.

2. Sites are to be conveyed by the city to the company for a nominal consideration, subject to reconveyance back on the termination of the project.

3. Cost of construction of the houses, streets, grading, water, sewers and other necessary improvements to be paid by Wartime Housing Ltd.

4. The city undertakes to lease the housing project for the duration of the war plus five years thereafter, at a rental to be agreed upon, and the city further agrees to administer the project and bear expenses of administration, renting and housing the deserving citizens at reasonable rentals.

5. The company will make payment for services to the city as called for under the usual wartime housing municipal agreement.

6. Reasonable arrangements are to be made for the disposal of assets at the termination of the agreement.

Speed, economy and movability are the three guiding principles in the production and erection of housing for the war industry workers. To satisfy these requirements Wartime Housing Ltd. erects demountable prefabricated houses, which could be demobilized after the war, from those areas where the war industries will be left without orders.

These demobilized houses are supposed to be salvaged and redistributed to points where they will be most needed.

The economic policy of Wartime Housing Limited demands for the greatest possible salvage value; therefore that the structure of these houses be durable, sound, and of high insulating properties.

While the experience of Wartime Housing Ltd. in most of the cases called for temporary houses, temporary not with regard to their durability but their location, most industrial towns need a much different solution.

Toronto is a classical example of the industrial town, where the seriousness of the housing problem cannot be overemphasized.

Most of the war industries in the Toronto area are planned, built and organized for peace purposes also. This is strongly justified and could be easily realized by the latest surveys of the industrial development of the city.

It is obvious, therefore, that there is no reason to build for a permanent need, temporary housing, which asks for relatively higher construction, maintenance and management costs and which will easily develop in a few years into slums.

Wartime Housing Permanent?

Would it be possible to erect permanent housing with the building method used by Wartime Housing Ltd.?

From a structural point of view the houses erected by Wartime Housing Ltd. are durable, sound and well insulated. The structure is built on the same principle as the usual frame construction tolerated by the by-laws if built outside of the city limit. No basement and no permanent foundation is used by Wartime Housing Ltd. for temporary housing and this could be easily prepared. But it is neither the structure, nor the time factor, but the economic factor which apparently prohibits the erection of those houses in a permanent way.

By erection of permanent housing, we understand the placement of dwellings and other buildings on the ground for permanent purposes, their relationship to each other, to open spaces for sunlight and fresh air, to open spaces for recreation and amenity to the roads or streets which give access to the buildings, and to those surface and subsurface utilities which afford the buildings the services of water, sewerage, light and power, the selection of the land and its relation to its immediate environment.

It is no longer the question of planning "just a group of houses," but the planning of a neighborhood with the insurance against deterioration and to improve the health, happiness and social usefulness of the people in the community.

Financial Problems

Before we decide the type of housing, temporary or permanent, a careful study and analysis of all the cost, rental and salvaging factors must be made.

In large scale housing production the total cost is divided as follows:

	%
Land. devel., improve.	15
Fees	5
Materials	30
Equipment	10
Labor	20
Overhead, etc.	20
Total	100

How much will Wartime Housing Ltd. save from these expenses? How much will be salvaged from the houses, when they will be demobilized, transported and re-erected to the points where they will be needed after the war? Assuming an optimistic conception of the duration of the war and the use of the houses for only three years, the probable saving and salvaging will be as follows:

Land, development, improvements: It is very probable that the poorly planned temporary neighborhood will not be able to maintain its cost value, and because of its depreciating and disintegrating character it will depreciate the value of the building lands in its surroundings also. Therefore, we should consider a loss of at least 25% of its nominal costs. Related to the above mentioned figures it means 3.7% loss.

Fees: Nothing can be saved.

Materials: However perfect and careful will be the maintenance of the houses in the assumed three years of use, the exterior covering of the walls and roof will depreciate and by demobilizing, storing and reassem-

(Continued on page 13)

Pulp and Paper Mills Consider Labor

Manpower Needs Will Affect Canada's Largest Employer

By JOHN E. LANGDON

MONTREAL.—Manpower looms as a major problem for the pulp and paper industry.

Those directing Canada's manpower pool have the problem of filling the quotas of the armed services and to obtain maximum munitions production.

In all some 250,000 men will be placed in the armed services or war industries during 1942.

With its limited population, this means the mobilization by Canada of a large number of workers now engaged in non-essential industries.

It means the pulp and paper industry, as one of the largest employers of labor in Canada, will be called upon to make its contribution.

Major Employer of Labor

Last year there were over 36,000 mill workers. Permanent employees in the woods department numbered 3,600. In addition over 100,000 other workers secure part of their livelihood from operations of the industry.

In 1939, the last year for which complete returns are available, there were 50% more workers in the pulp and paper mills than in the bread and bakery industry. There were nearly twice as many as employed in making butter and cheese; over twice the number in the automobile industry; 6 times as many as engaged in flour and feed mills and about 7 times the number employed in the petroleum products industry.

Will Affect Industry

Thus, as one of the largest single employers of labor in the Dominion, the pulp and paper industry undoubtedly will be affected by the mobilization of manpower for the armed forces or war industries.

The degree to which the industry is affected depends upon the scale of production. Production in turn will be influenced by two other factors; the extent of demand and the degree to which power is made available for operations.

It is customary in the industry for the mills to run continuously, week ends excepted. That policy means the employment of double shifts.

Manpower employed by the industry is not now fully employed. Last June operations were equal to 65.6% of effective capacity. This applied to the industry as a whole. Mills subject to pro-rating operated at close to 60% of capacity.

The need for men to further the war effort is great. The employment of mill hands in the pulp and paper industry on a short time basis is not in the national interest. As the major employer of labor, it is reasonable to expect the industry to be asked to whittle down its mill crews to a point where the labor is more effectively employed.

The degree to which this may happen depends upon another factor—power. While the power supply situation, especially in Quebec, has undergone a marked improvement, it is more than likely some restrictions will be applied on deliveries to pulp and paper plants next winter.

Huge quantities of power are used in pulp and paper operations—roughly 100 h.p. per ton of newsprint paper. If the need arises, large blocks of power can be diverted readily to war industries.

If, as and when that takes place, the volume of pulp and paper production will be lowered and in turn the need for mill workers.

Over and above that, however, the pulp and paper industry, like all other industries not classed as essential, will be called upon to examine carefully its labor supply with a view to seeing where it can get along without workers who might be more advantageously employed in the essential industries.

Labor For Woods

Irrespective of market requirements or power supply, one labor problem which has been giving the operators concern has to do with wood crews.

Most of the workers in this category are of a seasonal type; working on farms in the summer and in the woods in winter.

Men for wood crews were not overplentiful last winter. This winter the labor supply will be much tighter.

This situation applies with particular force where the pulp and paper operators send their own crews into the woods.

Noting the trend of labor supply last season, most of the companies have been turning more and more to depend upon settlers for their wood supply.

Pulpwood represents the principal source of cash income for settlers in the newer colonization areas. They are unaffected by the manpower regulations and, for that reason, can be depended upon for a regular supply of wood.

Take Care of Needs

With operations on their present low scale and no immediate change in prospect, it is believed that the wood supply can be maintained on a basis adequate for present needs.

The woods crews are largely outside the control of the operators. The mill workers are in a different category. The number of these workers which may have to be given up to the war industries is difficult to estimate. It is not believed at this time that the divergence of labor will unduly interfere with the ability of the industry to meet customer requirements. However, that remains to be seen.

Logs coming through a barking drum at a Canadian International Paper plant.

Ontario Hydro Load Increases

Niagara System Primary Power Demand Up 25% in June This Year

Total primary peak load of Hydro-Electric Power Commission of Ontario rose 19% in June this year over a year ago. This increase covers all four Hydro systems and the Northern Ontario properties and is stated to reflect growing demands for essential war industries.

Greatest increase is reported by the Niagara system, centre of the manufacturing and war industry of the province. Here a rise of 25% over June a year ago is reported.

Significant of the shift from secondary to primary power is the fact that in June this year only about 108,000 h.p. is indicated as sold as secondary power at the month's peak. Last year over 250,000 h.p. was sold as secondary. In the Niagara system only about 60,000 h.p. was sold as secondary this year compared with over 200,000 h.p. a year ago.

	Maximum 20-min. peak H.P. June, '42	June, '41	Chge. %
Primary Loads			
Niagara system	1,586,595	1,268,767	+25.1
East. Ont.	180,460	161,594	+11.7
Georgian Bay .	48,760	42,689	+14.2
Thunder Bay .	106,903	99,786	+7.1
North. Ont. ..	212,819	222,299	—4.3
Total	2,135,537	1,795,135	+19.0
Primary and Secondary Loads			
Niagara system	1,629,357	1,472,118	+10.7
East. Ont.	180,460	162,077	+11.3
Georgian Bay .	48,760	42,689	+14.2
Thunder Bay .	125,938	107,507	+17.1
North. Ont. ..	258,797	270,422	—4.3
Total	2,243,312	2,054,813	+9.2

Moodie to Suspend Sinking Fund

Holders of J. R. Moodie Co. 6% first mortgage sinking fund bonds will meet Aug. 14 at the Royal Connaught Hotel, Hamilton, to consider suspension of sinking fund payments from July 1, 1942, to July 1, 1948, inclusive. Under the terms of the proposed resolution the company may resume sinking fund payments on any interest date it deems advisable.

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Manitoba Revenues Push to New Peak

Revenues of Manitoba during the fiscal year ended Apr. 30, 1942, reached a record high for the province at $19,920,813, an increase of $1,075,206 over the previous year, according to a final statement for the year. By far the largest increase in revenues was that of $750,000 from liquor profits, this activity bringing in $2,750,000 to the provincial treasury.

The year's operations for Manitoba may be summarized as follows:

Fiscal Years Ended April 30	1942 $	1941 $
Ordinary revenues ...	19,920,813	18,845,607
Ordinary expenditures	18,151,988	17,982,274
Surplus	1,768,825	863,333

Ordinary expenditures during the year at $18,151,988 were $169,714 higher than the previous year. Relief payments dropped $738,971 to total $1,241,192, but departmental expenditures increased $140,844 and $750,000 was placed in a reserve fund for war and post-war emergencies.

Relief costs have shown a steady and substantial drop during the past two fiscal years; the expenditure of $1.2 millions in 1941-42 comparing with over $1.9 millions in 1940-41 and $3.7 millions in 1939-40.

Where Surplus is Going

Of the $1,768,825 surplus, $155,000 is being used to purchase a building for the Manitoba Technical Institute to provide technical and specialized training for young people entering the armed forces and for technical training generally; $47,500 is being used for construction at mental hospitals, and $1,566,325 to write off miscellaneous intangible assets in the capital division of the provincial balance sheet and to retire provincial debt.

Of the $1,566,325 set aside for debt retirement, $1 million was paid out on Aug. 1, 1942, to retire provincial debentures to that amount sold in 1940 carrying a 3% coupon.

During the year ended April 30, 1942, Manitoba paid off $2,559,900 of its gross public debt, leaving outstanding at the year end a total of $124,437,806. The Aug. 1, 1942, payment made a further reduction of $1 million in that total.

August Dividends Cut

Year's Decline Slightly

Dividends scheduled for payment by Canadian companies in August this year at $10.2 millions will be about $540,000 greater in amount than last year, according to an estimate made by The Financial Post. This still leaves the total for the first eight months of 1942 at $174.8 millions, down $12.8 millions from last year's total at this date.

Bond interest payments for August at $20.6 millions are down $165,000 from a year ago.

Only one company has an extra scheduled for payment this month. John Bertram & Sons is paying five cents extra.

Dominion Stores is paying 10 cents a share, first payment since 30 cents was disbursed in Jan., 1935. Twin City Rapid Transit has also resumed payments with $3.50 a share toward preferred arrears.

Increased dividends are reported by two companies. Anglo-Canadian Oil is paying four cents a share this month as compared with its last previous payment of two cents in December. Hudson's Bay Co. is paying a total of 5% as compared with 2½% a year ago.

Reduced payments are being made by Conduits Ltd. with 15 cents a share instead of 25 cents as was paid in February this year. International Holdings is paying 50 cents instead of 60 cents as was paid in 1941. Proprietary Mines has cut its dividend to five cents a share from the seven cents paid in June.

Monthly Dividends	1942 $	1941 $
January	22,952,057	23,026,402
February	10,016,184	10,655,895
March	27,730,638	27,821,583
April	21,221,615	23,823,789
May	6,357,276	7,230,853
June	48,456,376	58,275,666
July	27,581,376	26,855,735
August	10,476,067	9,938,960
Total	174,791,559	187,628,883

Summary of August Payments	1942 $	1941 $
Dividends	10,219,422	9,938,960
Bond interest	20,616,000	20,781,000
Total	30,835,422	30,719,960

Company:	Rate $	Date	Amount $
Industrials and Utilities			
Anglo-Can. Tele., p. ...	.68¾q	1	56,787
Ault & Wiborg, p. ..	1.37½q	1	6,182
Beatty Bros., 1st pf. ..	1.50q	1	13,642
Bertram & Sons	.15s	15	9,000
Do., extra	.05	15	3,000
Blue Ribbon, pfd.	.62½q	1	18,856
Caldwell Linen, 1st p. ..	.38	1	5,700
Do., 2nd pref.	.20	1	5,000
Calgary Power, pfd. ..	1.50q	1	88,500
Canada Starch, pfd. ..	3.50s	15	107,418
Can. Bronze	.37½q	1	30,000
Do., pref.	1.25q	1	9,375
Can. Pac. Rly., pfd.	2%	1	2,745,138
Can. Wallpaper, A, B ..	1a	10	129,248
Coast Breweries	.03q	1	54,094
Conduits National	.15	8	24,120
Crown Cork	.50q	15	50,000
Cosmos Imperial	.30q	15	30,000
Distillers-Seag., p. ...	†1.25q	1	205,875
Dominion Bridge	.30q	25	154,185
Dominion Stores	.10	20	28,001
Dominion Tar, pfd. ...	1.37½q	1	69,231
Gen. Steel Wares, pfd.	1.75q	20	78,750
Granby Elas. Web, pfd. .	.88q	1	6,382
Hudson's Bay	3+*2%	14	606,000
Hydro El. Secs., B, p. ..	.25s	1	166,515
Inter. Metal, p., & A. p.	1.50q	1	67,807
Inter. Util., pr. pfd. .	†.87½q	1	86,396
Maclaren Pwr. & Paper	.25	31	125,000
Ont. Steel Prod.	.25q	15	12,110
Do., pref.	1.75q	15	6,304
Penman's	.75q	15	48,388
Do., pref.	1.50q	1	16,125
Prov. Transport	.20s	15	50,000
Quebec Power	.25q	25	138,290
Rolland Paper, c.	.15q	15	9,000
Saguenay Power, p.	1.37½q	1	68,750
Shawinigan W. Pr.	.23q	25	500,997
Sher.-Williams, ord. ...	.15	1	30,000
Simpsons, pref.	1.62½q	1	182,812
South. Can. Pr., c.	.20q	15	80,000
St. Law. Flour	.35q	1	12,600
Do., pref.	1.75q	1	10,062
Steel of Can.	.75q	1	345,000
Do., pref.	.75q	1	194,889
Twin C. Rapid, p.	†3.50	21	105,000
Weston, Geo., pfd.	1.25q	1	21,875
Wood, A. & J., pfd.	1.75q	1	11,375
York Knitting	.20s	15	45,802
Do., 1st pref.	3.50s	15	5,250
Do., 2nd pref.	3.50s	15	10,500
Zeller's	.20q	1	25,000
Do., pref.	.37½q	1	11,250
Total			6,921,788
Mining Companies			
Grandview Mines	.01	1	29,997
Hedley Mascot	.02	15	45,282
Hollinger Cons.	.05	12	246,000
Inter. Nickel, pfd. ...	†1.75q	1	483,486
Kerr-Addison	.05	28	236,515
Leitch Gold	.02q	15	57,000
Paymaster Cons.	.01	15	86,290
Pickle Crow G.	.10	31	300,000
Privateer Mine	.03q	10	73,620
Proprietary Mines	.05	20	49,365
Toburn Gold	.03q	22	55,500
Upper Canada M.	.02½	31	74,075
Total			1,737,130
Oil Companies			
Anglo-Can. Oil	.04	10	90,000
Canadian Oil, c.	.25q	15	35,941
Command	.002	31	35,313
Commoil	.00½	25	4,851
Total			164,105
Financial			
Can. Bk. of Comm.	2q	1	600,000
Can. Inv. Fd., sp. ord. ..	.04q	1	91,668
Can. Investors	.10q	1	10,000
Dominion Bank	2.50q	1	175,000
Imperial Bank	2.50q	1	175,000
Inter. Holdings	.50	1	486,281
Mtge. Corp. of N. S. ..	1.25q	1	8,500
Royal Trust	.80q	1	80,000
Sherbrooke Trust	1.50q	1	4,500
United Corp., A	.38q	15	20,115
Total			1,653,044
Grand total			10,219,411

q—Quarterly. s—Semi-annually. a—Annually. †Payable in U. S. funds. *Distribution from land sales; not subject to income tax.

Company Reports

M. & O. Paper

Minnesota & Ontario Paper Co. reports a gain of about $700,000 in sales volume for the three months ended June 30, 1942, as compared with the corresponding quarter of 1941. After all charges, the net profit is equivalent to 23 cents a share for the 1942 period against 37 cents a share for 1941.

For the six months ended June 30, this year, the company reports net profits of 54 cents a share on its common compared with 36 cents for the first half of 1941.

R. H. M. Robinson, president, states that tax provision may require modification when new tax legislation is enacted. The turbogenerator for the steam plant addition at International Falls, authorized in March, 1941, was completed and tested at the manufacturer's plant in June, but was then diverted to more essential war work on government order. Ultimate installation will probably have to be deferred for the duration of the war. The power situation is stated to be satisfactory at present.

Consol. Income Account Three Months Ended June 30	1942 $	1941 $
Net sales	6,141,509	5,363,406
Less: Cost of sales‡ ..	4,411,567	4,012,185
Other expense	537,734	442,792
Add: Other income (net)	*545	156,258
Net income	1,191,663	1,066,687
Less: Bond interest ..	117,776	140,596
Income & E. P. taxes	803,175	421,900
Net profit	270,712	504,190
Add: Gain on bds. red.	41,582	......
Surplus for period ...	312,294	504,190
*Loss.		
‡Includes deprec. & deplet.	413,210	313,576
Earned per share	-$0.20	$0.37

Six Months Ended June 30	1942 $	1941 $
Net sales	12,313,333	9,573,528
Less: Cost of sales* ..	8,699,253	7,728,040
Other expense	1,035,317	821,153
Add: Other income ..	17,263	204,832
Net income	2,596,026	1,229,167
Less: Bond interest ...	238,169	293,096
Income & E. P. taxes	1,702,575	445,900
Net profit	655,281	490,171
Add: Gain on bds. red.	68,793	......
Surplus for period ...	724,074	490,171
*Includes deprec. & deplet.	842,910	828,385
Earned per share	$0.49	$0.36

Canada Dry

Canada Dry Ginger Ale, Inc., reports net income for the nine months ended June 30 last equivalent to $1.65 a share on its 615,157 common shares. This compares with $1.82 a share earned in the corresponding period of 1941. Gross sales are up $1 million, but higher costs and taxes more than offset this gain.

Net income of the Canadian subsidiary, whose accounts are included in the consolidated statement, amount to about 15.1% and 10.3% of the consolidated net income for the 1942 and 1941 period respectively.

The income account figures include depreciation provision of $403,335 for 1942 and $328,860 for 1941.

Consol. Net Income Nine Months Ended June 30	1942 $	1941 $
Net sales	17,546,126	16,391,446
Less: Cost of sales	7,897,775	7,813,527
Other expenses	7,723,743	6,810,352
Net oper. income	1,924,607	1,767,567
Add: Income credits ..	30,366	6,053
Less: Income deduct. .	21,885	21,726
Income & E. P. taxes	916,289	631,875
Net income	1,016,799	1,120,018
Earned per share	$1.65	$1.82

Evans, Coleman & Gilley

Higher earnings and improved financial position are disclosed in the annual report of Evans, Coleman & Gilley Brothers, Ltd., Vancouver, dealers in building materials.

Profit from operations is shown at $563,836, which compared with $416,231 in the preceding year. During the year the company spent $215,260 on replacements and additions to capital assets, met an increase of $90,330 in federal taxes, paid the regular 6½% dividend on the cumulative first preferred shares amounting to $58,500 and paid 37% cents per share on the common stock, amounting to $67,188.

From earnings of the previous year 12½ cents per share was paid on the common, amounting to $22,396.

Despite the outlay on capital account and the increased dividends paid, the statement shows net current assets at a level only slightly below that of March 31, 1941.

Net current assets at March 31, 1942, were $779,263, compared with $790,437 one year previously.

Twin City

Improved results were obtained by Twin City Rapid Transit Co. during the first six months of 1942; as compared with the same period a year ago. Net income carried to profit and loss at $373,065 almost tripled the figure for the six months ended June 30, 1941, despite an increase in federal income taxes and surtaxes to $345,000 from $51,956.

Cons. Income Statement Six Months Ended June 30	1942 $	1941 $
Oper. revenue	5,386,957	4,351,048
Less: Oper. exps.	4,250,572	3,732,221
Oper. income	1,136,385	618,827
Add: Non-oper. inc. ..	8,848	6,617
Gross income	1,145,233	625,444
Less: Fd. debt int. ...	390,071	410,483
Disc. amort.	27,267	28,617
Misc.	9,829	8,214
Fed. inc. & surtaxes	345,000	51,956
Net income	373,065	126,173

May Shut Down News Plants

Plans for Power Conservation May Include Closing Ontario Mills

While no definite decision appears to have been taken as yet, the possibility is known to exist that certain large non-war industrial power users in the Niagara district of Ontario may have to surrender most or all of their electric power to supply more vital industries.

Indications that this would be the case have recently come from Ottawa and follow stories published in The Financial Post indicating that such a shift would likely be part of the power conservation programme to be enforced this fall.

Most of the power savings are expected to come through diversions from newsprint mills. In the Niagara area, there are two large producers of newsprint who may be affected. Ontario Paper Co., and Beaver Wood Fibre Co. both operate in the Niagara district where power shortage appears to be most acute. Other newsprint producers in Ontario do not appear likely to be affected as their plants are in areas where power shortage is not at present felt and from which there is no practicable means of transmitting power to areas where it is urgently needed. Other paper mills in the Niagara district — Alliance Paper, Interlake Tissue and Garden City Paper—produce book and specialty papers and are also large power users.

Ontario Paper Co. is controlled by the Chicago Tribune and New York Daily News. The same group operates a large newsprint mill at Baie Comeau, Que., in an area not likely to be affected by power restrictions.

It is understood that discussions of actual policy are still going on and have not yet been completed. When completed, the policy of curtailing non-essential use of electrical energy will probably include elimination of outdoor electrically lighted advertising signs, limiting of shop window lighting and a substantial reduction in domestic consumption.

Similar steps will have to be taken in Quebec, although excellent water conditions and declining newsprint production in that province may lessen the seriousness of the problem.

Even allowing for complete shutdowns of the two Ontario newsprint mills mentioned and a number in the Saguenay and St. Maurice areas of Quebec, there should be no shortage of newsprint. Other mills not likely to be affected can probably handle requirements. It is not at all certain that complete shutdowns will be necessary in the end. In addition, the newsprint industry has been operating well below its rated capacity in recent months.

Investment Notes

National Steel Car Co. is endeavoring to improve employer-employee relations in its plant through publication of a magazine for employees. Known as "The Car Builder," this well illustrated magazine is to be a monthly, and is edited by Peter Tully, president of the National Steel Car Employees' Association. The first issue, just off the press, is entirely devoted to news items of personal interest to the company's employees and their families.

* * *

Hiram Walker & Sons, U. S. subsidiary of Hiram Walker-Gooderham & Worts, has taken over the importing business of W. A. Taylor & Co., New York. Franchises held by the W. A. Taylor Co. are included in the purchase.

* * *

Provincial Bank of Canada has announced a reduction in its dividend rate from 1½% to 1¼% quarterly, or 5% annually. The new rate becomes effective with the final quarter of 1942. C. A. Roy, president, tells shareholders of the bank that, while earnings are being maintained at about the same level as in previous years, higher taxes will take up a larger share of net revenues available for dividends.

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July Contracts $32.1 Millions

Building contracts awarded in Canada during July closely approximated the total for a year ago at $32.1 millions according to MacLean Building Reports. Largest item of the month's contract total was $11 millions for business and government owned buildings.

At $78.8 millions, contracts for the first seven months of 1942 were 32.5% less than for the same period of 1941.

Following is a comparison by categories of July building contracts let:

July Awards	1942 $	1941 $
Residential	8,813,800	8,478,900
Business	11,076,300	8,584,000
Industrial	8,799,700	8,691,000
Engineering	3,403,600	6,200,900
Total	32,093,400	31,954,800

Among the larger contracts included in the July figures are:

	$
Digby, N.S. construction	5,000,000
Cornwall, Ont., plant	2,000,000
Sarnia, Ont., plant (addl.)	2,000,000
Sorel, Que., housing, etc.	1,000,000
Brantford, Ont., plant add.	1,000,000
Windsor, Ont., housing	1,000,000
Lethbridge, Alta., bldgs.	850,000
Gimli, Man., runways	750,000
Ottawa, Ont., office bldg.	541,000
North Bay, Ont., runways	400,000
Moncton, N.B., housing	400,000
Orillia, Ont., training centre	400,000
Pictou, N.S., housing	375,000
North Vancouver, B.C., plant addn.	365,000
Sorel, Que., housing	350,000
Lachine, Que., plant extn.	300,000
Rock Island, Que., factory addn.	300,000
Michel, B.C., coke ovens	270,000
Peterborough, Ont., housing	250,000
Ottawa, Ont., office bldg.	250,000
Longueuil, Que., filtration plant	245,000
Thorold Twp., Ont., intake channels	225,000
Quebec, roadwork	201,000
Quebec, Que., store addn.	200,000
Pickering, Ont., housing	200,000
Regina, Sask., bldgs.	195,000
Montreal, Que., plant addn.	182,000
Montreal, Que., plant addn.	175,000
Quebec, paving	150,000
Quebec paving	135,000
Moose Jaw, Sask., housing	130,000
Elmira, Ont., factory addn.	130,000
Hull, Que., housing	125,000
Prince Albert, Sask., plant	105,000
Lachine, Que., plant alts.	102,000
Lachine, Que., plant extn.	100,000

Brown Co. Pays First Interest

First payment of accrued interest on the general mortgage 5% cumulative, series A, bonds of Brown Co. is being made Aug. 20 this year and will cover the period from Dec. 1, 1939, to June 1, 1940, H. P. Carruth, vice-president, announces.

This payment is being made more than nine months before the stand-by date payment date. These provisions in the bond indenture permit no interest payment on the general mortgage bonds before June 1, 1943, but the board of directors voted to request the Reconstruction Finance Corp. to waive these provisions as bondholders had received interest on the old bonds during the period when reorganization proceedings were being completed.

Under the reorganization plan of Nov. 29, 1941, bondholders received new bonds on which interest accrued from Dec. 1, 1939. The current payment is being made out of consolidated net earnings in 1942 to date of the company and its subsidiaries.

Mr. Carruth points out that some of the old securities have not yet been presented for exchange and that interest payments can only be made to registered holders of the new bonds. Exchange agent for securities in Canada is the Royal Bank of Canada, Montreal and in the U. S. the National Bank of Commerce of Portland, Portland, Me.

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Production for Profit Versus Production by Compulsion

(Continued from page 1)

highest pay obtainable at the moment.

The contrast between "profit" and "use" is very often bound up with the contrast between "productive" and "unproductive" work. It is an amusing paradox that the first antithesis belongs to the intellectual world of the "radical," the second of the "reactionary." Both argue virtually from the same ground. What is productive or unproductive work? Try to define either otherwise than subconscious emotions created by your moral beliefs and you will see how elusive it is. There is first a vague idea of defining "productive" as something helpful to production. In this sense certainly a steel mill is productive, because the steel may be used to manufacture machines which in their turn again "produce" something. But here it ends. For the "something" that is eventually produced by the machine may be utterly superfluous, or even obnoxious or dangerous. So obviously the machine did not serve a desirable economic purpose, the steel was wasted, the mill was unproductive.

However we approach our problem, it evades economic definition. "Productive" activity in the end is every economic activity that serves a useful purpose. But what a "useful" purpose is cannot be defined in economic terms. The definition depends on our political and moral conceptions. The Puritan will depreciate the billions of dollars spent on tobacco, liquor, and movies, and will applaud the erection of churches and schools. The hedonist will be happy to spend all he can and have others spend for him to get as many pleasures as possible.

Production by Terror

The only alternative to "production for profit" is, production by compulsion and terror. It is not enough, as we are so persuasively told, to have an economic general staff (which means practically nothing); nor is it enough that this general staff design a plan (which means practically more, because there the trouble starts). What really matters is the power with which that body is endowed to set the plan into action, to assure its thorough and minute execution.

The fact is that as long as every man decides for himself, directed by his best judgment on his personal advantage and limited by his moral standards, changeable social status, and such general laws as a democratic society sees fit to impose on him, he is guided by a somewhat reliable compass. As soon as he is deprived of this instrument he must be expressly instructed what to do and what not to do, and he must obey the instruction, because otherwise complete chaos would ensue. It is not enough for the planning authority to issue general orders. These orders must be specific in the extreme, to the minutest detail. Otherwise the plan cannot even start to work. It is therefore indispensable to create a substitute for such a general motive of individual behavior as individual material interest (the "profit motive") provides, and this substitute can only be fear of punishment. This fear must be kept alive, this fear must be all-persuasive, this fear must not be allowed to slacken.

Planned Economy Artificial

Many view capitalism as a conservative, reactionary principle, and "planned economy" as a radical, progressive principle. Actually it is just the other way around. Capitalism is bent, for better or worse, on liberating forward-driving forces; a planned economy tends to put artificial restraints upon those forces and to crystallize them at a given point.

The differences between the "planned" and the "capitalist" systems come down, rather, to the following:

1. Under capitalism the businessman makes a miscalculation at his own risk; at worst his mistake spells economic ruin for him. The errors of a planning commission are paid for by the community at large. (How many errors they commit we are never permitted to learn).

2. If a hundred thousand businessmen are planning their way, each on his own account, the mathematical chances that smartness and folly will offset each other are incomparably greater than when the decision as to the economic fate of a nation is entrusted to one central brain.

3. (and most important). Capitalism functions under an objective law made manifest through the market. Under capitalism the dictator is the consumer. In the long run production is determined by what the consumer is willing and able to buy. Such a dictator is subject to human influences like any other, and in principle it does not matter whether the influence is exerted through advertising, persuasion, party intrigues, or a pretty woman. No dictator lives in a vacuum; though a dictator, he is none the less a human being, responsive to all human motives. But he is also none the less a dictator. The capitalist businessman can never escape the dictatorship of the market, and the market, at least in countries where oversupply rather than undersupply is the rule, is in turn determined by the consumer.

In a socialist ceonomy the dictator is not the consumer but the producer—the state or its agents. They prescribe how the consumer is to deport himself, what and how he is to eat, what clothes he is to wear, where he is to live, what manner of life he is to follow. And the moment the socialist state acquires dictatorship over the consumer (in other words, over the citizen, who becomes forthwith a subject) it assumes control also over technical progress. And this spells the end of progress.

This may perhaps make clear why a socialist economy embodies a reactionary principle. An essential part of its very nature is a tendency to simplify things, to make them "manageable," and therefore to freeze everything at a given point.

Profit a Yardstick

Let us return to the realities of our life. We may dispense with profit as a motive and a motor of our economic actions. We cannot dispense with it as the yardstick of our economic judgment, as a measurement of economic success or failure. Within the institutional setup evolved by the most advanced capitalist countries, personal profit has long ceased to be a driving motive for the actions of the predominant sectors of industry. We have become familiar with the phenomenon of separation between ownership and management in most big corporations.

The chairman, the presidents, the vice-presidents, and the other officers receive a salary, in many instances also a bonus, both in many cases independent of the profits shown or distributed to the stockholders and in many more cases even out of proportion to those profits. This constitutes a very serious problem of our system; it is a real problem, not a fable.

And yet who will maintain that these men act outside the profit system? Who will deny that their business behavior is determined by the same principle of achieving maximum profits they would apply if they were personal owners? Who can recognize the difference in business policy between the Ford Motor Co. and General Motors, between any closely held steel plant and the United States Steel Corp., between any private grocery store and the A. & P.? All strive for a maximum sales volume at a minimum of costs, and none can long survive if costs exceed income.

Indicator of Success

In fact, if they were to try to do otherwise they would be acting not only against their own interest but against the interest of the commonweal which is in their trust. Why? Simply because profit is the sole yardstick for reasonable economic behavior of which we know, a yardstick no economic system can dispense with without early, inescapable disintegration. Profit was reintroduced into the Bolshevist system during the first Five Year Plan. Profit is the indispensable yardstick in every brand of capitalism. Profit is merely the indicator that a certain economic operation was successful; that is, that its yields exceeded its costs.

Whether the manufacturer of automobiles or radios or evening clothes continues or stops manufacturing, whether he expands or contracts, depends on whether or not the proceeds from the sale of his products exceed what he has to pay for labor, material, rent, taxes and other overhead. If he persists in producing at a loss, he goes broke, which means that he can no longer buy material, hire labor, rent floor space.

For the individual this is a catastrophic incident, yet as long as bankruptcies remain within narrow limits they may be a wholesome process for the community, for they eliminate unsuccessful (that is, wasteful) economic units, and their disappearance may benefit the most successful competitors and thereby possibly both increase production and cheapen the product, thus benefitting the consumer. If bankruptcy is not the fate of isolated minor enterprises but an emergency that befalls a substantial part of the more important economic units of the community, then it indicates that something is fundamentally wrong with the community, and reveals economic, social, political sickness.

The essence of that sickness is not the profit motive but conditions of the society that do not permit its economic units to live up to the requirements of the profit system. Never is the thermometer responsible for the fever. We have to look for other causes.

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C. N. Revenue Sets Record

Gain of $5.9 Millions Reported for First Half of 1942

Canadian National Railways reports further substantial increases in both gross and net revenues for June. At $1.1 million higher than in June a year ago, the month's results are substantially better than for any of the two preceding periods.

For the six months ended June, this year, the C. N. R. shows a gain of $5.9 millions in net revenues. Gross operating revenues are up $27.7 millions and operating expenses up $21.8 millions.

Monthly Earnings

June:	1942 $	1941 $
Oper. revenues	31,789,000	25,642,352
Less: Oper. exps.	23,843,079	18,813,909
Net revenue	7,945,921	6,828,443
Six Months Ended June 30:		
Oper. revenues	169,415,000	141,715,488
Less: Oper exps.	131,396,129	109,607,277
Net revenue	38,396,129	32,108,211

On the Record

Number of styles of baby carriages and perambulators are now limited to four of the former and one of the latter per manufacturer to conserve metal needed in war materials.

Wholesalers after Aug. 31 may not make more than three regular deliveries a week on alternate days over any particular route or in any specific area with the exception of delivering certain specified commodities. Perishable goods may have in addition one regular delivery on any week day other than the three days on which regular deliveries are permitted. Wholesale orders of less than $3 will not be delivered.

Industrial honey users will be registered and will not be allowed more honey than they used in the same quarter of 1941. Allowance is made for increased use of honey for products to be exported to Britain or British countries but not elsewhere.

Byron D. Snell, chief engineer, Citadel Merchandising Co. Ltd., appointed Deputy Machine Tools Controller.

Gauges and cutting tools may no longer be purchased from suppliers outside of Canada except by permit in writing from the Director-General of the Gauge and Cutting Tool Production Branch, Dept. of M. & S.

Richard H. Graham, field man with the livestock branch of the Ontario Dept. of Agriculture appointed manager, Wartime Food Corporation.

Production of chemicals and allied products reached a total value of $268.5 millions in 1941 as compared with $193.9 millions in 1940.

Maximum wholesale beef prices to have a further seasonal reduction averaging one cent a pound, effective August 3.

About 6,000 machining operations are required to finish the 600 individual pieces of a Canadian anti-aircraft gun.

Your Investments

What We Do:

1. Give information on Canadian securities to Financial Post subscribers.
2. Publish anonymously letters of general interest.
3. Supply facts rather than opinions.

What We Don't Do:

1. Answer enquiries of non-subscribers.
2. Answer enquiries on foreign securities.
3. Reply by telephone or telegraph.
4. Select list of securities; express opinions; or make forecasts.

Three-cent stamp and address label from subscriber's copy of The Financial Post must be enclosed. Address letters to The Financial Post, 481 University Ave., Toronto 2.

Brazilian

A brief report on Brazilian Traction's recent results and its dividend chances would be appreciated.

Brazilian Traction Light & Power Co. is Canada's largest enterprise abroad. Operating in Brazil this company has suffered in recent years from difficulties in obtaining sufficient foreign exchange with which to permit transmission of its substantial earnings to its security holders in Canada and other countries. The company's operations are continually expanding with a gain of over 10% in net earnings reported for the first half of 1942. Last year the company earned $1.87 a share on its common against $1.31 in 1940, and it has resumed payment of dividends. It would seem that there is a good chance of further payment being paid this year although such action will undoubtedly depend upon availability of foreign exchange in Brazil. The company's shares must be classed as somewhat speculative with the added risk that its operations are carried on in a foreign country.

International Pete

I am told that International Petroleum does not pay Canadian taxes. Is that correct?

International Petroleum Co. is not subject to taxation in Canada as all its operations are carried on outside of this country. It is subject to taxation in the various South American countries in which it operates, but apparently to date the burden has been reasonable. This gives International Petroleum a measure of taxation protection so far as Canada is concerned.

Cons. Specialties

Can you give me any information on Consolidated Specialties of Hamilton?

Consolidated Specialties Co. of Hamilton assumed its present name in 1941, it formerly having done business as the Consolidated Sales Book and Wax Paper Company, Limited. This is a fairly closely held company which has been operating in Hamilton for over 20 years. The company manufactures, or rather converts paper into waxpaper for various uses, and is also a manufacturer of sales books.

Consolidated Specialties is capitalized at $1,500,000 of which there have been subscribed and paid for 3,280 shares of 8% cumulative preferred stock, $100 par value. There is also outstanding 2,100 shares of common stock of $100 par value. This stock was given as a bonus with the preferred. The stock is not listed on any exchange and no financial statements are published.

The company has no bank indebtedness and has paid during the first six months of this year dividends amounting to 3% on the preferred stock.

Alberta Bonds

What is the present investment position of Province of Alberta bonds?

In common with other Canadian provinces the financial affairs of Alberta have shown a material improvement during the past two or three years. Despite this fact the bonds of this province must still be classed in the speculative category.

The province is continuing its policy of defaulting on the principal of its bonds when they mature and is paying only 50% of the coupon interest rate. This situation has been the cause of a protracted series of discussions between the province and representatives of the bondholders No satisfactory solution has yet been worked out.

A few weeks ago the bondholders representatives proposed refunding of the province's entire debt on a 4% basis. The province thought that a lower coupon rate was justified; the difference in opinion could not be reconciled and the conversations terminated.

Dominion Coal

Will you be good enough to let me know if Dominion Coal Co. can maintain the present dividend on its preferred stock?

Dominion Coal Co. deferred dividend payments on its preferred stock last fall. This action was taken because the "slow-down" strike of the miners seriously curtailed production and resulted in an operating loss for the year. Currently, production is on a greater scale and output for the full year should be above 1941. Revenues also are expected to increase. At this time it is difficult to say whether or not net profits will be sufficient to warrant the directors in resuming dividends on the preferred stock.

Your Income Tax

Payments of income taxes collected at the source begin in September. In this weekly column, The Financial Post answers problems you may have in connection with your income tax. In some cases, rulings have yet to be made, hence The Post can only cite informed opinion.

Widower With Children

I am a widower with two dependent children. I live in a house and employ a housekeeper. I will have an income this year of $2,230. I pay $120 a year principal on a mortgage on my home and $140 a year life insurance premiums. What allowances am I entitled to and what income taxes should I pay?

Because you maintain a self-contained domestic establishment in which you support a dependent child, you are granted the status of a householder or a married man.

This entitles you to the 7% rate of normal tax. On account of the second child you are entitled to a deduction of $28 from the amount of the normal tax payable. Your householder status also entitles you to deduct $150 from the amount of the graduated tax payable, while for the second child you are entitled to a deduction of $80 or $230 in all.

If your housekeeper were related to you by blood you would be able to claim married man's or householder's status on her account and then to claim a deduction of $28 on each child for normal tax and of $150 as a householder and $80 for each child on graduated tax.

Bearing in mind that the amendments to the income tax act have just been passed by parliament and that accordingly, no rulings or interpretation has been issued by the Income Tax Department, your taxes payable on your 1942 income would seem to be as follows:

Normal Tax	$
7% of $2,230	156.10
Less $28 for second child	28.00
Net normal tax	128.10
Graduated Tax	
Gross income	2,230.00
Less: Statutory exemption	660.00
Net taxable income	1,570.00
30% on first $500	150.00
33% on second $500	165.00
37% on $570 remaining	210.90
Gross graduated tax	525.90
Has householder status, deducts $150; and $80 for second child	230.00
Net graduated tax	295.90
Total normal and graduated taxes payable	422.00
Compulsory savings portion	211.00
Net actual tax	211.00
Setoff against compulsory savings, mtge. payment $120 and life insurance premiums $140	260.00
Net compulsory savings payable	......
Net total tax payable	211.00

* * *

Has Annuities

What will my approximate income tax be on my 1942 income. I am married with two dependents; have an earned income of around $1,200 and an investment income of $1,000, made up of a government annuity of $400 and another annuity with an insurance company of $315, and $285 from investments in government bonds, and stocks. Is there any surtax on investment income of this amount? I pay $117 annually life insurance premiums. My annuities were taken out in 1938.

If your annuity with the insurance company is of a type similar to those issued by the Dominion Government you would have no tax to pay on either of them. You might be asked by the income tax authorities to show them your insurance annuity contract so they might satisfy themselves on this point. Both annuities it is noted were taken out in 1938. Annuities taken out since June 25, 1940, are taxable.

Pending official rulings by the Income Tax Department on the new regulations your income taxes for 1942 would be approximately as follows:

Normal Tax	$
Total income	2,200.00
Annuities exempt	715.00
Subject to normal tax	1,485.00
7% of $1,485	104.00
Deducts $28 for each child	56.00
Net normal tax	48.00
Graduated Tax	
Total income	2,200.00
Annuities exempt	715.00
Statutory exemption	660.00
Net taxable income	825.00
30% on first $500	150.00
33% on remaining $325	107.00
Gross graduated tax	257.00
Is married deducts $150; deducts $80 each child	310.00
Net graduated tax payable	....
Total normal and graduated tax payable	48.00
Compulsory savings portion	24.00
Offset insurance premiums of $117 against compulsory savings, leaving none payable	....
Total due	24.00

If the income tax authorities will allow you to deduct your credits under the graduated tax from your normal tax due you would have no tax to pay. As the resolutions stand at present, it does not seem this could be done. But a ruling by the department may alter the situation. There is no surtax on your investment income.

* * *

Wife's Insurance

My wife took out an insurance policy before our marriage. I have kept this up, paying the premiums for her. She now has no income of her own. Can I deduct premiums on her policy from my compulsory savings, in the same way as I can deduct premiums on my own policy?

While there has been no specific ruling on this, presumably you will be allowed to do so. In a case where husband and wife were both working, however, the wife would be responsible for her own insurance premiums and the husband would not be able to deduct them.

Moves to U. S.

If a Canadian moves to the United States to live, to whom does he pay income tax for the year in which he is partly a resident of Canada and partly a resident of the United States?

He should make an income tax return in both countries. The return to the Canadian authorities would show his total income for the year. From the amount of tax payable he would deduct any tax paid the United States. In the United States it is understood he would be taxable only on income derived from the United States either as earnings of as returns on investments. He would be wise, however, to discuss the whole matter with the U. S. income tax authorities.

* * *

Widower With Children

I am a widower with two dependent children under 16 years of age. I live in a house and employ a housekeeper. What exemptions am I entitled to under the new regulations?

As you live in a self contained domestic establishment, you are entitled, on account of one of the children, to the same allowances as a married person. That is, on the normal tax you will pay 7%. On account of the second child you will be allowed a deduction of $28 from the amount of normal tax payable. On the graduated tax you are entitled, on account of one child to deduct $150 from the amount of tax payable, and $80 on account of the other.

* * *

The Income Tax Period

I understand the personal income tax returns will now be made out in September each year.

1. Will the return in September, 1943, cover the calendar year 1942 or the 12 months from Sept. 1, 1942 to Sept. 1, 1943.

2. If the latter, what about the income tax due for the first eight months of the current year?

1. The return to be made in September, 1943, will cover the calendar year 1942.

2. Answer to first enquiry disposes of second one.

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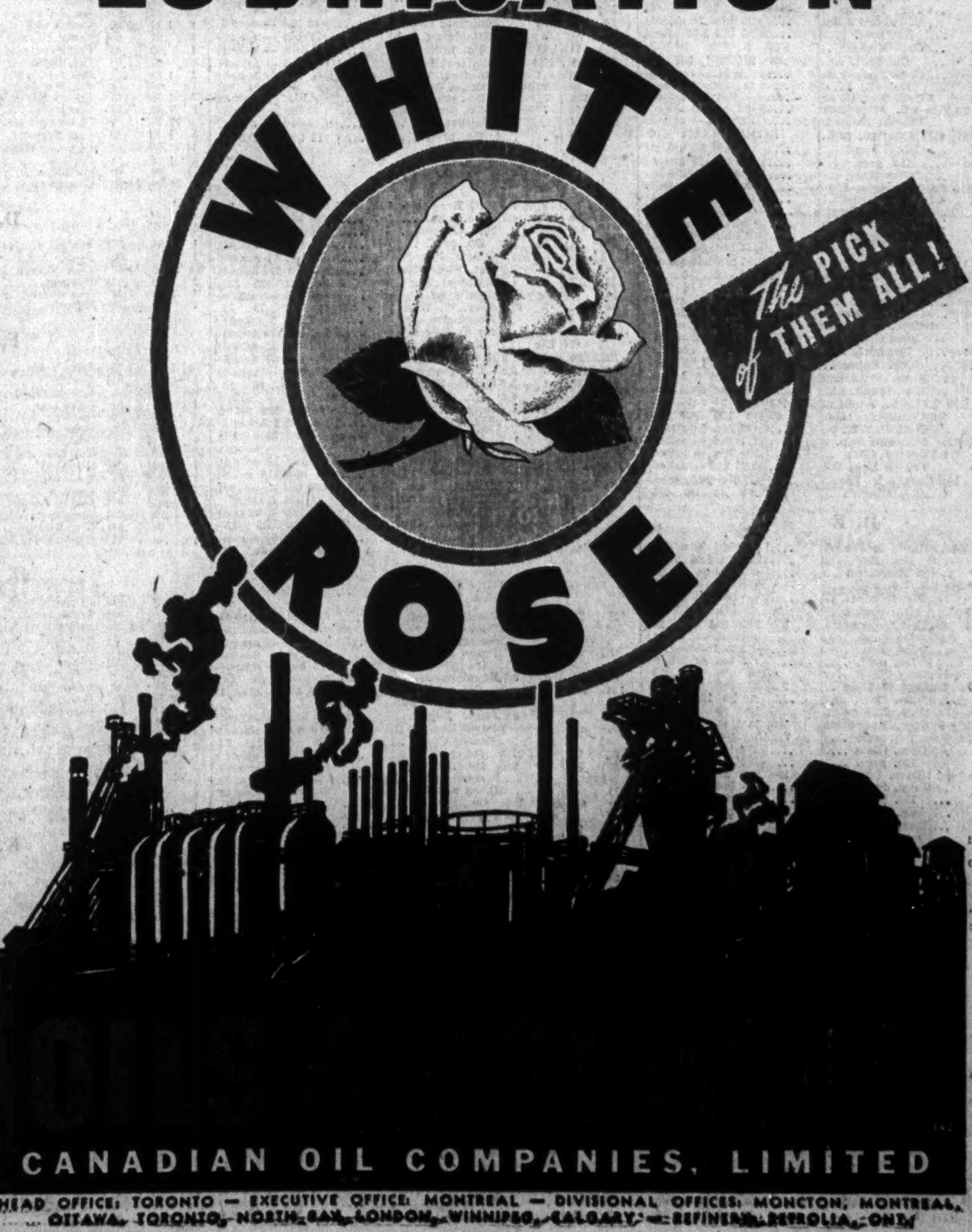

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THE WEEK'S QUOTATIONS

Toronto and Montreal Exchanges

The following table is confined to official prices for listed stocks, including curb market quotations. Where no transaction is recorded, bid and asked prices are given. For unlisted stocks, quotations by recognized dealers are published. The Financial Post cannot accept any responsibility for such quotations.

WEEK ENDING AUGUST 3

[illegible]

Mining Stocks

Week Ending August 3

[illegible]

Oil Stocks

[illegible]

Vancouver Stocks

[illegible]

Oil Quotations

[illegible]

* Quotations for 1941. † 1940.

Government Bonds

(Supplied by Investment Dealers' Assoc. of Canada)

Dominion Guarant'd Bonds
Can. Nat'l. Railways:

Rate	Due	Bid	Ask.	Approx. Yld.
2	Feb. '43	100½	100½	.99
2½	Jan. '46	100½	101½	1.89
3	May '44	102½	102½	1.45
3	Dec. '50	100	100½	2.85
3	Jan. '59	99	99½	3.03
*4½	Sept. '51	117½	118½	2.21
*4½	Feb. '56	118½	119½	2.74
4½	July '57	119½	120½	2.83
3	Feb. '53	99½	99½	3.03
4½	June '55	120½	121½	2.77

Ont. Hydro Commission:

Rate	Due	Bid	Ask.	Approx. Yld.
3	Aug. '48	100	101	b2.74
3½	Feb. '53	100½	101½	b3.06
3½	Apr. '47	102½	104	2.63

Prince Edward Island:

Rate	Due	Bid	Ask.	Approx. Yld.
4	Mar. '54	101½	103	3.63

Quebec:

Rate	Due	Bid	Ask.	Approx. Yld.
3	Nov. '47	98½	99½	3.15
3½	Mar. '48	98½	99½	3.30
3½	Mar. '59	98½	99½	3.54

... Payable N.Y. ... or after Sept. 15, 1966. d—Traded flat. Interest being paid at 50% of coupon rate, minimum rate 2%. e—Callable at a premium. ‡—N.Y. funds. ¿—Calculated to 1950 average maturity. a—Callable on or after earliest maturity shown and payable at maturity at 101.

Unlisted Stocks

(Furnished by Plaxton, Cherry & McDonnell, Toronto)

Aug. 4, 1942

Industrials:	Bid	Ask.
Acme Farm., pf.	49½	52
Andian National	25½	26½
Anglo C. Tel., A	6½	7½
Atlas Steels, p.	105½	107
Do., com.	21	22½
Brant. Roof.	2½	3½
Brinton Pet. Cpt	44	..
B. C. Pulp. c.	9½	10½
Do., pfd.	58	62
B. C. Sugar	62½	65
Brown, com.	1½	1½
Do., pfd.	21½	23½
Burns & Co., A	2½	3½
Do., B	½	1½
Barrymore Cl., p	39½	..
Can. Co-op. Wl.	8½	9
Can. Indust., A	143	146
Can. Gen. Rub. p	..	24
Can. Airways	1½	1½
Can. Ing. Rand	63½	66
Can. Mach., c.	8½	10½
C. P. R., pref.	1½	2½
Can. Mot. L.A.	5½	6½
Can. Tube, c.	4	6
Do., 1st pf.	102	104
Chase, A. W. un.	18½	20
Colonial Realty	2½	..
Cap. W. Cloth p	19½	23
Colonial Steam.	44	47
Corr. Pap. Box c	1½	2½
Dairy Corp., p.	7	10
Dover Ind.	6	6½
Dunlop T. p $25	15½	16½
Easy Wash. p $10	9½	10½
Galt Brass, c.	10½	12
Goderich Elev.	7½	7½
Guard. Realty, p	14	16
Guelph Carp., c.	16½	17½
Gurney Fdry., p	1½	1½
Hayes Steel, c.	11	12
Inglis, John	5½	7

	Bid	Ask.
Kingst. Ship., c.	9½	12
Loblaw, Inc., c.	12½	12½
Minn.&Ont. P. c.	3½	3½
M'row Screw, p.	102½	105
Do., com.	15½	16½
Morrison Br. un	5½	7
Nat. Hosiery, p.	½	1½
Do., com.	½	½
Neilson, Wm., p.	102½	106
N. Meth. Ldy. p.	70½	74
Ont. Tobacco, p.	18½	19½
Prov. Paper, pf.	98½	99½
Ruddy, pfd.	5½	7½
St. J. Dry D., p.	99½	101½
Stand. Fuel, p.	49½	51
Stedman, pf. $50	57	59
Sutton Horsley	½	½
Tor. Carpet, c.	64	..
Do., pfd.	70	73
Un. F. Co-op.	3	3½
Un. Steel, A pf.	23	24
Viceroy Mfg. pf.	20	22½
Waterloo Mfg.	½	1½
Windsor H.	2½	3
Trust & Loan Stocks:		
Brockville Tr.	43½	46
Comm. Fin., c.	4½	5½
Guaranty Trust	100	102
Guelph & O. $50	50½	53
Indust. Mtge.	25	29
Lambton Loan	33	35½
Lon. & W. Tr.	30½	33
Premier Trust	26	30
Sherbrooke Tr.	120	..
Sterling Trust	50½	51½
Th. Can. Inv. Tr.	1½	1½
Traders Fin. A c	3½	4½
Do., A pfd.	46½	48
Trusts & Guar.	30½	33
Victoria Trust	66	69
Waterloo Trust	100½	102

Insurance Stocks:	Bid	Ask.
Canada Life	362	370
Brit. Amer.	50	52
Canadian Fire	75	79
Confed. 30% pd.	128½	135
Continental L.	30½	35
Dominion Fire	138½	143
D. of Can. Gen.	115½	119
Empire, 25% pd.	4½	5
Excelsior 40% pd	68	71
Great-West Life	206	211
Halifax Fire	16	16½
Imperial Life	263	270
Manufac. Life	218	221
Monarch Life	34½	36
National Life	7	9½
Sov. L. 25% pd.	11½	13½
Sun Life	216	228
Tor General	4½	5½
Western Assce.	36½	38
Western Life	9½	10½
Theatre Stocks:		
Allen's, St. Cath. units	52	55
Do., Toronto p	32	35½
Loew's London p	6	7½
Manaf. Theat., p	31½	33
Invest. Trust Shares:		
Inv. Found. un.	40½	41½
Sec's. Hold., pf.	18½	19½
United Corp., A	21½	22½
Do., B	4½	5½
Power Issues:		
Gt. Lakes Pr., p	102	104½
Int. Util., $1.75 p	8½	10½
Do., $3.50 pf.	27	30½
Mtl. Isl. Pwr., p.	41	..
Nor. Ont. Pr. p.	73½	78½

Unlisted Mines

Toronto, August 4, 1942

	Bid	Ask
Albany River (Old)	.01	.03
(New)	.06	.08
Amal Kirk	.03½	.04½
Cons Chib	.03	.05
Delpine	..	.03
Desantis (New)	.03	.04
Martin Bir	.02	.03
Mata Can	.02	.04
Mata Con	.10	.15
McMar'ac	.05	.07
Mof Hal n	.01	.02
Polaris	.00½	.02
Propri'y	3.80	4.10
Presdor	.01½	.02
Rand Mal	.09	.10
Red Lake	.00½	.02

[illegible]

Corporation Bonds

(Supplied by Investment Dealers' Association of Canada)

Aug. 4, 1942

[illegible]

Corporation Bonds (Cont'd)

	Rate	Due	Bid	Asked	Bid
Sterling Coal	3	'47	62	65	
Stop Shop	5	'56	...	...	...
*Unit. Amuse.	5	'53	94½	97½	94½
United Corp.	5	'48	104	107	104
*United Gas	5½	'48	101	104	101
United Gr. Grs.	5	'49	62½	65½	63
†Western Grain	6	'49			

*Payable in Can. or U. S.
†Payable in Can., U. S. or U. K.
*Payable in U. S.
Payable in Canada only.
‡Traded without accrued interest.
Payable in Can. or U. K.

Municipal Bonds

Aug. 4, 1942

	%	Due	Bid	Ask.	Yld. %
†Halifax	5	1961	114.00	117.00	3.74
Hamilton	5	1950	110.25	113.25	3.25
Montreal	5	1945	93.00	96.00	*
Ottawa	4½	1945	104.50	106.00	2.45
†Quebec	5	1959	109.00	112.00	4.02
Saint John	5	1950	105.00	108.00	3.90
†Toronto	4½	1955	110.00	113.00	3.18
†Vancouver	5	1950	99.00	103.00	4.34
Winnipeg	5	1944	100.25	103.25	3.00

†Payable Can. & N.Y. *Flat.

Investment Trusts

	Bid	Asked
Affiliated Funds	1.78	1.95
Can. Int. Trust	3.50	4.25
Can. Invest. Fund	2.90	3.20
Can. Investors	4.25	5.25
Corp. Investors	5.00	5.40
Trans-Canada	8.35	9.10

Cochenour Willans Net Shows Increase

Earnings of 13.66 cents per share, an increase of about 44%, are estimated by Cochenour Willans Gold Mines, Ltd., for the fiscal year ended May 31, in a letter to shareholders accompanying a recent dividend cheque. Per share earnings the previous year were 9.5 cents. The company's annual report is to appear shortly.

Several important ore exposures, many of them exceptionally rich, are reported as a result of recent exploratory and development work. The wide distribution of these exposures is stressed in the mine manager's report.

Gold production amounted to $1,134,362 in the year just ended. Production in the preceding year was $897,823. Tons of ore milled in 1941-42 totalled 62,330 against 57,389 in 1940-41.

Estimated profit before depreciation and taxes, amounts to $608,752, and after write-offs to $499,728. Deduction for taxes, estimated at $95,000, leaves estimated net at $404,728.

Winnipeg Stocks

(Transactions from July 27 to Aug. 1)

	Sales	High for period	Low for period	Close Aug. 1
Beaver Lumber, p.	10	100.00	100.00	100.00
Federal Grain, p.	20	37.00	37.00	37.00
United Grain Growers	5	11.00	11.00	11.00

Stocks Not Traded in During Week*

	Bid	Asked
Beav. Lumber, p	100	..
Beav. Lumber, c	2½	4
Can. Indemnity	150	..
Cres. Cream., p.	10	15
Dom. Envel., c.	..	8½
Dom. Envel., p.	..	92
Fed. Grain, c.	.35	1¼
Grouped Inc.	..	4¼
Home Invest.	27½	..
Nor. C. Mtg. un.	5½	..
Nor. Mtg. pt. pd.	.75	..
Nor. Trusts	6	..
Traders Bldg.	44	..
Unit. Grain	10½	..
West. Brew.	2	2¼
West. Grain, p.	..	7
West. Steel	7	9¼

*Stocks more active on other exchanges not included.

Volume of Stock Sales

	Montreal Markets Indust.	Montreal Markets Mines	Toronto Markets Ind. & Mines	Vancouver Markets Ind. & Mines
Aug. 4	4,000	2,100	31,000	......
Aug. 3	Holiday	Holiday	Holiday	4,100
Aug. 1	1,300	400	28,000	3,853
July 31	3,200	8,300	60,000	6,250
July 30	3,700	5,400	98,000	7,200
July 29	3,100	5,000	102,000	

Mining D[ividends]

[illegible]

West Expects Record Crop

Experts Believe Biggest Harvest in History Assured

From Our Own Correspondent

WINNIPEG. — That western Canada will harvest a very big grain crop this year can now be taken for granted. There are weather and other hazards yet to run, but even if these make heavy inroads in the yield that now seems possible, there will still be a lot of grain.

The estimate published last week by Searle Grain Co., the first to set a figure for present potentialities, was 543 million bushels of wheat, 477 million bushels of oats, 248 million bushels of barley, 11 million bushels of rye, and 17 million bushels of flax.

The figures would represent the greatest tonnage of grain ever produced in western Canada, as well as the greatest production of individual crops. The average yields indicated are the highest on record for the whole west. These are placed at 27.1 bushels per acre for wheat, 51.5 for oats, 37.4 for barley, 22.5 for rye and 11.6 for flax.

Huge Total

Only a short time ago the first suggestion of a 400 million bushel wheat crop for this year was considered optimistic. A few weeks ago the suggestion that total production of grain in the west might reach 1,000 million bushels startled many people. The crop, however, has made progress under conditions which probably never before have been so favorable over practically the whole west.

Some cutting of grain will take place within the next 10 days, but much of it has still two or even three weeks to go. The intervening weather will have much to do with the satisfactory filling of the heads of grain. Broadly speaking, the longer the crop continues to develop, the more likely are the maximum potentialities of yield to be reached, provided the ripening period is not extended so late as to result in damage from frost.

The weather most favorable for wheat may not be equally favorable for oats in the same area, and it will take a truly remarkable season to allow all grain crops to reach their full possibilities. One difficulty in making and checking estimates this season has been the fact that many correspondents have had no recent experience of heavy crops, and find it difficult to appraise such stands.

Experienced grain men have found it difficult to believe that such uniformly good stands as are reported could prevail, for experience of many years past had led to the expectation that there will almost always be some areas of very poor crops, even when prospects for the west as a whole are good.

Sawfly Threat

Government entomologists have given warning of possibly extensive damage from the wheat stem sawfly in southwestern Saskatchewan and southern Alberta. Whether the cool growing season will prove to have checked the growth of larvae developing within wheat stems, still remains to be seen.

While some heavy hail storms have been reported, the damage, severe where it occurred, has been confined to small areas. Perhaps the principal disappointment so far experienced has been the development of rust on a good deal of flax. Damage from that source has not been important in the past, and farmers have not made great efforts to seed rust resistant varieties, which, to some extent have been developed and tried out.

Meanwhile the Canadian Wheat Board has announced delivery quotas of five bushels per acre for wheat, oats, barley and rye. In the case of wheat, the acreage in question is not the acreage actually seeded, but rather the basic acreage, which, generally speaking, is 65% of the acreage seeded to wheat in 1940.

For the west as a whole there is a sort of rough balance between basic acreage and acreage actually seeded, the total of each being not far from 20 million acres. However, many farmers, particularly in the stock raising districts, seeded this year considerably less than their basic acreage of wheat, while other farmers seeded considerably more.

Whichever happens to be the case, it will make no difference to the quantity of wheat which may be delivered under the first quota, or subsequent quotas as they are made effective.

With respect to oats, barley and rye, the governing acreage is that actually seeded this year, and as reported and sworn to by individual farmers in making application to the Wheat Board for delivery permits.

These first delivery quotas will roughly correspond with the amount of space available at country elevators as the new crop begins to move, although at some points there will be more space, and at others less. Terminal elevators in the west are already full, so there will be room for additional deliveries of grain only as movement forward takes place into consumptive or export channels.

Wheat Deliveries

The first wheat delivery quota will absorb practically 100 million bushels of wheat. Total wheat deliveries for the crop year are to be limited to 280 million bushels, calculated to be the quantity to be disposed of in domestic and export channels during the crop year. As this disposition will be fairly steady during the crop year it may be expected that an additional wheat quota of about one bushel per basic acre will be allotted each month from October on.

That would space deliveries and receipt of wheat income by farmers fairly uniformly throughout the crop year, and when the total of 280 million bushels is provided for, farmers will know that whatever surplus wheat they have left cannot be sold during the current crop.

There may be some minor exceptions to this as farmers sell wheat to neighbors who may desire to use it for feed, but the plentiful supply of feed on practically all western farms will mean that there will be small demand.

It is more difficult to predict probable enlargement of quotas for coarse grains. The trade in such grains has normally taken place later in the year than is the case with wheat. Western farmers have usually been slower to sell their coarse grains than their wheat, waiting until late in the year to be quite sure of the quantities of which they wish to dispose. The purchasers, largely other farmers, have been slow to buy, using up home produced feeds before deciding on the quantities of purchased feeds they are likely to want.

The government has promised to accept from farmers, at minimum prices regarded as fairly good, all the oats and barley they wish to sell this year. That guarantee can only be implemented if it proves possible to dispose of great quantities of such grain in the United States. Grain production south of the border has been heavy, and prospects for the corn crop are good, so farmers in the United States will have to feed a lot of livestock before they need to call on Canadian grain. It may be, however, that the agreement existing between the governments of the two countries is such that the government of the United States will feel an obligation to facilitate entry of Canadian grain from the opening of the crop season.

Much Lumber Needed For Grain Storage

From Our Own Correspondent

VANCOUVER.—West coast sawmill operators are doing their best to meet requirements of the Prairie Provinces for construction material, but finding it difficult.

Prairie lumber dealers want 200 million feet of B.C. lumber because the northern spruce mills will be unable to take care of more than a small proportion of the orders for lumber for grain storage facilities.

The 200 million feet of lumber wanted from the coast represents the total production of the largest sawmill in the Vancouver area, and is equal to the exports of the B.C. timber industry to the United Kingdom in a pre-war year.

The order comes when the mills are driving ahead on orders for direct military construction in Canada, Britain and the United States, with purchasing boards of these countries asking for more than can possibly be delivered.

In addition, the sawmill industry has its share of production problems, chief of them the labor shortage.

Need is Vital

No one on the coast discounts the vital, need for lumber with which to store the great grain harvest. The lumber trade was told a convincing story last week by prairie lumber dealers headed by H. Steinthorsen, president of the Western Lumbermen's Association of Winnipeg.

"We have storage capacity for about 350 million bushels, but we will require storage for a similar volume of grain," Mr. Steinthorsen said. "The prospects are for a total crop of some 900 million bushels, and of that amount possibly 200 million bushels will be disposed of before the need for additional storage becomes urgent.

"We have mentioned 200 million feet of lumber as our need, but we could absorb an almost unlimited amount. Lumber stocks on the prairies are extremely low, and farmers are clamoring for accommodation.

"The lumber will be used not only for grain storage but for housing livestock. The storage situation is unprecedented and is already serious. Lumber should be rolling to the prairies already."

Bond Redemptions

Bond Issues:	Rate	Year	Due	Price
Paton Mfg. ...	‡4½%	1956	Sept. 1	103
Gt. W. Sad'y	6%	1948	Sept. 1	105
Northern Tel. ..	4%	ser.	Sept. 1	101½
Cel. of Amer. ..	3%	1955	Aug. 7	101
Int. Paper, "A"	*6%	1955	Sept. 1	105
Pac. Petrol.	6%	1945	Sept. 1	100½
Wood, A. & J. ..	6%	1944	Aug. 15	†
Paton Mfg. ...	4½%	1956	Sept. 1	103

‡$12,500. *$431,000. †Tenders for $30,000.

Wheat Prices

Winnipeg Grain Futures

Week to Aug. 3, 1942

Crop year from Aug. 1, 1941 High	Low		High for week	Low for week	Close Aug. 3
		Wheat			
.82⅛	.77½	July ...	.81¼	.81⅛	.81¼
.90	.90	Oct.	.90	.90	.90
		Oats			
.51¾	.42⅛	July ...	.51½	.48½	.48½
.50½	.46	Oct. ...	.47⅜	.46½	.46⅝
.48	.45½	Dec. ...	.46¼	.45⅝	.45⅝
		Barley			
.64¾	.55⅛	July ...	.60½	.60	.60
.63⅞	.57	Oct. ...	.61¼	.60¾	.60¾
.61⅞	.60⅝	Dec. ...	.61⅛	.60¾	.60¾
		Rye			
.66⅝	.54⅛	July ...	.56⅛	.54⅞	.54⅞
.65⅝	.55¾	Oct. ...	.57⅛	.54⅞	.55⅛

Cash Quotations

	For Week Aug. 3 High	Low	Prev. Week High	Low
Wheat:				
1 Nor. ...	.88⅜	.81⅛	.81⅛	.80⅞
2 Nor. ...	.85¼	.78⅛	.78⅛	.77⅞
3 Nor. ...	.82⅜	.74¼	.74¾	.74⅜
4 Nor. ...	.79½	.71⅝	.72⅛	.71⅞
5 Wheat .	.74	.70⅛	.70⅝	.70⅜
6 Wheat .	.72½	.68⅜	.68⅝	.68⅜
Feed	.70	.66⅛	.66⅛	.65⅞
Oats:				
2 C. W. ..	.51½	.46⅜	.51½	.51½
3 C. W. ..	.51½	.46⅝	.51½	.51½
Barley:				
1 Feed ..	.57½	.56¼	.60¾	.56¾
2 Feed ..	.55½	.54¼	.59¼	.54¾
Rye:				
2 C. W. ..	.55⅛	.53½	.56⅞	.55⅜

Would Borrow $150 From Everybody

(Continued from page 9)

ize a countrywide "blitz" partly in the form of hog, egg and other crop deduction plans.

Behind the Campaign

The organization for handling this loan and savings programme has now been centralized under George W. Spinney, chairman, National War Finance Committee. Earlier in the war Canada had two separate war finance organizations: (1) a year-round, voluntary war savings organization fanning out into 2,500 community points to stimulate sales of war savings stamps and certificates, and (2) a pro-tem Victory Loan "blitz" campaign organization which sprang to life from time to time as the need arose. This summer the entire organization was merged into one permanent body stemming from a national committee through individual provincial chairmen into some 600 "unit" organizations having complete local autonomy as to the manner in which their local area (town, city, country or district) should be organized.

It is on these local war finance units that now falls the lion's share of responsibility for the success of present plans to tap $1,800 millions of current and corporate "saving" from Canadians. Unit chairmen in each case are leading citizens of the community whose main war job will be increasingly the organizing of the financial resources of the community for wartime saving. Some "units" will be broken up into smaller divisions; some will maintain a permanent, paid organization to carry on this tremendous job. In each unit there will be special committees in charge of publicity, special names, employee canvass, general sales and administration. These will be assisted by national headquarters at Ottawa in their individual responsibilities. The "general sales" division includes responsibility for the sale in each community of over-the-counter bonds, war savings stamps and certificates, sales through retail outlets, schools, etc.

There are no illusions of the difficulty of the task, only a determination that it must be done and that nothing will be left undone to find the best way of doing the job. Mr. Ilsley put the matter bluntly in the House of Commons last week when he said:

"It would be idle to deny that the institution of a system of compulsory savings and the fitting into that of a voluntary plan of savings is one of the biggest tasks that this or any other government has ever undertaken. I thought the institution of price control in Canada was the most difficult thing that we had undertaken up to the moment, and I think it was. I think that programme presented problems which seemed more impossible of accomplishment than anything we had ever undertaken. But this is almost as difficult.

"We are reaching the position where it will require intensive work by thousands and thousands of people in order to obtain a right frame of mind on the part of the men and women of the Dominion of Canada. If they think they cannot do these things; if they say they cannot do them often enough and spread that sort of thing, it will have a damaging effect upon morale. That can be counteracted by enthusiastic workers who in the national war finance committee organization by the thousands.

"As I said before, my ambition is to have these people who have access to all factories, who are in all country districts, who are everywhere, explain what the government has to do and to show the people why these heavy taxes have been imposed, to demonstrate that they are not as heavy as might be thought in a great many cases. I want them to sit down whenever possible with people and try to get them to lend their money to the government to the extent of their ability. If that is done in a thorough and enthusiastic way, in the spirit of a crusade across the country, we can get very large sums of money, and we can make a success of the tremendous job of financing that is ahead."

We Approach Housing Problem

(Continued from page 9)

bling, at least one third of all the materials will have to be replaced. Related to the total cost figures this means a loss of 10%.

Equipment, labor, overhead and incidentals, because of their characteristics should be considered lost even during the building process.

The total loss could be illustrated in the following table:

	Cost %	Loss %
Land, devel., improve.	15	3.7
Fees	5	5
Materials	30	10
Equipment	10	10
Labor	20	20
Overhead, etc.	20	20
Total	100	68.7

The probable loss of 68.7% of the total investment is an optimistic figure when we have to consider that, in case of reassembling of these houses, the government will have to invest new capital for rehabilitation, storage, transport, assembling, fees, equipment, overhead.

The main characteristic of prefabrication is the speed and low cost in mass production, but once a house is assembled its value and properties should be considered at the same rate as houses built in the traditional way. A house cannot be compared with a car, because its function is not the same.

In consideration of the economic point of view it is a failure to build temporary housing, when with a little more investment we could build better housing for future needs also, and instead of an economic and social loss, the government could regain the invested capital and use it again for new housing.

Permanent housing means to build not only to meet the present critical situation, but for peace, permanency and for higher standards.

The basic programme should be: to obtain a large tract of land and to build and to create a community for families of modest income, and arranged and managed so as to encourage a family and community life, but which will not involve subjecting them to coercion or theoretical discipline. The dwellings and the land upon which they are located is to be held in one ownership; preferably a municipal or other public agency which will rent or lease them but will not sell them.

With the statement of Munitions Minister Howe it is already a fact that housing is no longer a purely academic subject and the broadening of the functions of the Wartime Housing Ltd. should give us the belief, that soon it will take its place among the foremost issues of the day.

Mining Dividends

	Rate	Aug. 3	Yield %
Anglo-Huronian	20c	2.01	..
Argus Interests	†4c	.25	..
Aunor Gold	16c	1.05	15.2
Bayonne	†1c	.03½	..
Beattie Gold	10c	.59½	..
Berens River	6c	.65	..
Bralorne	80c+40c	6.10	*19.7
Broulan Porc.	12c	.36	..
Buffalo Ankerite	▴30c	1.15	..
Bulolo Gold	$3	8.00	..
Can. Malartic	8c	.35	..
Cariboo Gold	16c+1c	.98	*17.3
Central Patricia	16c+2c	.75	*24
Chesterville	▴15c	.55	..
Cochenour Willans	6c	.59	10.2
Coniagas	10c	.80	..
Coniaurum	‡10c	.60	..
Cons. Smelters	$1+$1.50	34.00	*7.3
Delnite	6c	.52	..
Dome Mines	$1.60	13.50	11.8
East Malartic	‡5c	1.10	..
Francoeur Gold	▴4c	.21	..
Goldale Mines	2c	.09	..
Gold Belt	2c	.12	..
Grandview	2c	.10	..
Grull Wihksne	†.00½c	.01½	..
Hallnor	40c	1.90	21
Hard Rock	3c	.33	..
Hedley Mascot	8c	.21	..
Hollinger	65c	7.20	9.0
Howey Gold	2c	.14	..
Hudson Bay	$2	22.50	8.8
Inter. Nickel, com.	$2	29.50	6.7
Island Mountain	8c	.88	..
Jason	▴4c	.12	..
Kerr-Addison	‡22c	3.90	..
Kerr Lake	▴5c	.50	..
Kirkland Lake	8c	.41	..
Lamaque Gold	‡30+25c	3.50	..
Lake Shore	80c	8.00	9.9
Leitch	8c	.53	15.1
Little Long Lac	‡10c	.80	..
Macassa	32c+3c	2.05	*17.1
Madsen R. Lake	3c	.38	..
Malartic Gold	▴10c	1.30	..
McGillivray Coal	1c	.10¼	..
McKenzie Red L.	12c	.52	.23
Moneta	8c	.23½	..
McIntyre-Porc.	$2.22+$1.11	39.00	*8.5
MacLeod-Cockshutt	10c	1.10	..
Negus	2½c	.36	..
Nipissing	15c	.85	..
Noranda	$4	43.25	9.2
North Empire	‡10c	1.00	..
O'Brien Gold	3c	.52	..
Pamour Porc.	▴12c	.35	..
Pato Cons.	‡25c	2.10	..
Paymaster Cons.	2c	.15	..
Pend Oreille	▴6c	1.00	..
Perron Gold	16c+1c	.85	*19.9
Pioneer, B. C.	32c	1.30	..
Pickle Crow	30c	1.63	18.4
Placer Develop.	25c	5.25	..
Premier	8c	.47	17
Preston E. Dome	20c	1.56	12.8
Privateer Mines	12c+1c	.25	..
Quebec Gold	▴2c	.20	..
Reno Gold	20c	.03½	..
San Antonio	14c+6c	1.48	*13.5
Sheep Creek	16c+4c	.70	*28.6
Sherritt Gordon	10c	.65	..
Sigma Mines	60c	4.25	..
Silbak Premier	16c	.50	..
Siscoe	‡5c	.35	..
Sturgeon River	2c	.09	..
Sudbury Basin	2½c	1.30	..
Sullivan Cons.	‡6c	.53	..
Surf Inlet	▴2c	.06	..
Sylvanite Gold	20c	1.32	15.2
Teck-Hughes	40c	1.61	24.8
Toburn	12c+2c	.75	*18.7
Upper Canada	‡5½	.66	..
Ventures	20c	3.70	..
Waite Amulet	40c	4.30	..
Wendigo	3c	.15	..
Wright Harg.	40c	2.10	19.

▴Paid in 1941. *Yield including bonus. †Initial. ‡Paid in 1942 to date.

Dividends Declared

	This payment	Date payable	Date of record
Anglo-Can. Oil	▪4c	Aug. 10	Aug. 1
Agnew Surpass	40+20c	Sept. 1	Aug. 15
Do., pref.	$1.75	Oct. 1	Sept. 15
Aunor Gold	4c	Sept. 1	Aug. 15
Barber Ellis	12½c	Sept. 15	Aug. 31
Bruck Silk	10c	Sept. 15	Aug. 29
Bk. of Montreal	$2	Sept. 1	July 31
Bk. Can. Nationale	$2	Sept. 1	Aug. 15
Beattie Gold	3c	Sept. 9	Aug. 12
Bk. of Toronto	$2.50	Sept. 1	Aug. 15
Bertram & Sons	15c	Aug. 15	July 31
Do., extra	5c	Aug. 15	July 31
Bathurst Power, A	25c	Sept. 1	Aug. 7
Borden Co.	†30c	Sept. 1	Aug. 15
Canada Starch, pf.	▪$3.50	Aug. 15	Aug. 8
Can. Wire & C., A	$1	Sept. 15	Aug. 31
Do., B	25c	Sept. 15	Aug. 31
Do., pref.	$1.62½	Sept. 15	Aug. 31
Confederation Life	$1.50	Sept. 30	Sept. 25
Do.	$1.50	Dec. 31	Dec. 25
Corr. Pap. Box pf.	$1.75	Sept. 1	Aug. 15
Canadian Oil, c.	25c	Aug. 15	Aug. 1
Can. Wallpaper, A B	$1	Aug 10	July 31
Can. For. Invest., pf.	▪$2	Oct. 1	Aug. 15
Can. Vinegars	10c	Sep. 1	Aug. 15
Can. Bakeries, p.	$1.25	Sep. 1	Aug. 18
Crown Cork	50c	Aug. 15	July 31
Commoil	.00½	Aug. 25	Aug. 15
Conduits Nat.	15c	Aug. 8	July 31
Coniaurum M.	3c	Sept. 9	Aug. 14
Cosmos Imp.	30c	Aug. 15	July 31
Can. Breweries, p.	85c	Oct. 1	Sept. 15
Command Oils	2c	Aug. 31	Aug. 8
Canada Dry	†15c	Sept. 22	Sept. 10
Candn. Oil, p.	$2	Oct. 1	Sept. 19
Dom. Ang. Inv., pf.	$1.25	Sept. 1	Aug. 15
Dom. Bridge	30c	Aug. 25	July 31
Dom. Scot. Inv., pfd.	50c	Sept. 1	Aug. 20
Dominion Stores	▪10c	Aug. 20	Aug. 5
Dom. Found., pf.	$1.50	Sept. 1	Aug. 20
Gen. Stl. Wares, p.	$1.75	Aug. 20	Aug. 10
Granby Cons.	▪†15c	Sept. 1	Aug. 14
Hallnor Mines	10c	Sept. 1	Aug. 15
Honey Dew	50c	Oct. 1	Sept. 15
Hedley Mascot	2c	Aug. 15	July 23
Hudson's Bay	3+*2%	Aug. 14	July 22
Hollinger Cons.	5c	Aug. 12	July 29
Ham. Un. Theat., p.	$1.25	Sep. 30	Sep. 15
Inter. Nickel, c.	†50c	Sept. 30	Aug. 31
Kerr Addison	5c	Aug. 28	Aug. 11
Leitch Gold	2c	Aug. 15	July 31
Langley's, pfd.	▪50c	Sept. 11	Sept. 2
Do.	▪50c	Dec. 11	Dec. 2
Lamaque Gold	10c	Oct. 1	Sept. 10
Do., bonus	15c	Oct. 1	Sept. 10
Loblaw Groc., A B	25c	Sept. 1	Aug. 10
Loblaw Inc.	†25c	Sept. 1	Aug. 14
L. of Woods Mill.	30c	Sept. 1	Aug. 15
Do., pref.	$1.75	Sept. 1	Aug. 15
Louisiana Land, c.	†10c	Sept. 15	Sept. 1
Maclaren P. & P., c.	25c	Aug. 31	Aug. 15
Massey-Harris, p.	62½c	Sept. 15	Sept. 1
Montreal Loan	31¼c	Sept. 15	Aug. 31
McIntyre Porc.	55½c	Sept. 1	Aug. 1
Nat. Biscuit, c. pf.	†$1.75	Aug. 31	Aug. 14
Noranda Mines	$1	Sept. 15	Aug. 20
N. S. Light & P., p.	$1.50	Sept. 1	Aug. 15
Ont. Steel Prod.	25c	Aug. 15	Aug. 8
Do., pref.	$1.75	Aug. 15	Aug. 8
Paton Mfg.	$1	Sep. 15	Aug. 31
Do., pref.	$1.75	Sep. 15	Aug. 31
Photo Engravers	50c	Sept. 1	Aug. 15
Pickle Crow G.	10c	Aug. 31	Aug. 15
Paymaster Cons.	▪1c	Aug. 15	Aug. 1
Do.	▪1c	Jan. 15 '43	Dec. 31
Penmans	75c	Aug. 15	Aug. 5
Privateer Mine	3c	Aug. 10	July 25
Proprietary M.	5c	Aug. 29	Aug. 15
Prov. Transport	20c	Aug. 15	Aug. 5
Quebec Power	25c	Aug. 25	July 22
Remington Rand, c.	†20c	Oct. 1	Sept. 10
Do., pfd.	†$1.12½	Oct. 1	Sept. 10
Royal Trust	80c	Aug. 1	July 20
Royal Bank	$2	Sept. 1	July 31
Regent Knit., c.	25c	Sept. 15	Aug. 31
Regent Knitting pfd	‡40c	Sept. 1	Aug. 15
Rolland Paper	15c	Aug. 15	Aug. 5
Do., pref.	$1.50	Sept. 1	Aug. 15
Shawinigan W. Pr.	23c	Aug. 25	July 24
South Can. Pr., com.	20c	Aug. 15	July 20
Siscoe Gold	1½c	Sept. 15	Aug. 12
Stuart Oil, pfd.	20c	Sept. 1	Aug. 15
Do., participat.	25c	Sept. 1	Aug. 15
Howard Smith, p.	$1.50	Oct. 15	Sept. 30
Teck Hughes	10c	Oct. 1	Sept. 10
Twin City, pfd.	†$3.50	Aug. 21	Aug. 7
Toburn Gold	3c	Aug. 22	July 22
United Corp., A	38c	Aug. 15	July 15
United Fuel, pf. A	75c	Oct. 1	Sept. 19
Un. Grain Growers, A	$1	Sept. 15	July 31
Do., B	25c	Sept. 15	July 31
Upper Can. Mines	2½c	Aug. 31	Aug. 15
Ventures	▪5c	Sept. 25	Aug. 17
H. Walker-G. & W., c.	$1	Sep. 15	Aug. 21
Do., pfd.	25c	Sep. 15	Aug. 21
Waite Amulet	10c	Sept. 10	Aug. 18
Wright-Hargreaves	10c	Oct. 1	Aug. 26
York Knitting	20c	Aug. 15	Aug. 6
Do., 1st pref.	$3.50	Aug. 15	Aug. 6
Do., 2nd pref.	$3.50	Aug. 15	Aug. 6

†Payable in U. S. funds.
▪Subject to approval of Foreign Exchange Control Board.
‡Also 40c payable Dec. 1.
*Distribution from land sales; not subject to income tax.

Advising Yourself

YOUR LEGAL AND BUSINESS MATTERS and how to take care of them by Henry E. Ashmun. Published by Longmans, Green & Co., Toronto. Price $2.25.

For young couples, widows and all males who don't have an expert and trusted business adviser to run to in time of need, this 175-page book is almost certain to live up to the claim on the jacket that the average reader "should be able to save the purchase price of the book once a month for as long as he uses it."

It covers most of the situations in which the citizen is likely to find himself and tells in very plain language what he ought to know about contracts, installment buying, buying a home, life insurance, making a will, borrowing, saving and investments, etc.

Midland Pacific Offers Rate Cut

Would Reduce Storage Charges in View of Probable Large Crop

From Our Own Correspondent

VANCOUVER.—As a voluntary move to add to the farmers' earnings while at the same time keeping its own operating profits in line without taking advantage of the expected increase in volume of business, Midland Pacific Grain Co., Vancouver, has offered to accept a reduction of one to one and a half cents per bushel for service charges.

Managing director John Whittle said he had made the offer to the Grain Board, saying that the prices for services were set by estimates for a normal crop, based on normal overhead.

"If we make a normal profit on a normal crop, we certainly stand to make a higher profit with a crop like that in prospect this year," said Mr. Whittle, who expressed the hope that other companies will follow his example.

Midland Pacific terminal and country elevators have storage capacity of 6.5 million bushels and in a year might handle 10 million bushels through their country elevators.

If the other elevator companies of western Canada follow the trail blazed by Midland Pacific, it will put several million dollars into the pockets of western Canadian wheat farmers, Mr. Whittle estimates.

New Books . . . .

How Are Your Vitamins?

VITAMINS FOR HEALTH, by Henry Borsook and William Huse. Published by Public Affairs Committee Inc., 30 Rockefeller Plaza, New York. Price 10c.

Although vitamins have been a household word for a number of years, the fact that intelligent use of vitamins is still limited has inspired the Public Affairs Committee to turn out a most useful and compact guide book.

In this brief pamphlet, 32 pages in length, Dr. Borsook and Mr. Huse, biochemists at the California Institute of Technology, provide the uninitiated with a list of the various vitamins, the things for which we require them, and where we can get them in the greatest quantity. Eye-opener to many will be the presentation of a menu which includes salads, orange juice, etc., along with a number of costly dishes, yet falls short in its vitamin content.

R.C.A.F. Poet

FOR FREEDOM, by Squadron Leader G. L. Creed, R.C.A.F. Published by J. M. Dent & Sons (Canada) Ltd.

This is a 60-page volume of poems by an airforce man who very evidently has rhyming flair. Squadron Leader Creed was born in Scotland 43 years ago and joined the R.A.F. in 1918, his first airplane flight coinciding with Armistice Day.

In the intervening years, he travelled in Canada, the United States, New Zealand and Australia promoting a system of telegraphic communication developed by his Nova Scotian father. Since 1929, he has lived in Nova Soctia where he operated a silver fox farm. He is now Deputy Provost Marshal at R.C.A.F. headquarters, Ottawa.

All royalties arising from sale of this book go to the R.C.A.F. Benevolent Fund whose general purpose is to relieve distress among personnel of R.C.A.F., both of the last war and this.

York Oils Redeem $50,500 Debentures

Deficit $111,376 After Depreciation, Depletion, Taxes

York Oils' annual report shows a profit, before allowing for depreciation and depletion, of $37,440 for the fiscal year ended June 30.

After depreciation and depletion for 1942, and payment of income taxes for 1939, the deficit stands at $111,376.

At the year's end, $149,500 of the company's 6% debentures were outstanding. During the year $50,500 had been redeemed.

York No. 1 well, in Turner Valley, Alberta, produced 41,502 barrels of crude in the year. The previous year's production from No. 1 was 74,319. Daily flow at July 30, 1942, was approximately 89 bbls.

No. 2 well produced 30,640 bbls. against 43,962 the previous year, daily flow at July 30 being approximately 72 bbls. In No. 1 and No. 2 York Oils has a 40% net interest.

No. 3 well, in which the interest is 47% gross, produced 44,964 bbls. compared with 74,518 in the previous year, allowable at July 30 being 110 bbls. daily.

Income Statement
Years Ended June 30

	1942 $	1941 $
Gross production	110,974	143,001
Less: Gross royalties	45,726	58,248
Oper. & acidizing exp.	10,742	9,864
Net production	54,503	74,889
Less: Exec. salaries	3,470	3,630
Lease & other rentals	300	1,280
Legal expenses	50	84
Taxes	28	572
Other gen. & adm. exp.	2,743	3,748
Net oper. profit	47,914	65,575
Less: Provn. for devel.	......	102,413
Depreciation	......	5,300
Debenture interest	10,474	12,000
Net profit	37,440	§54,138
Previous deficit	80,479	26,611
Surplus forward	§42,939	§80,749

§Loss or deficit.

Times Debenture Interest Earned:		
Before dev., depr. & depl.	4.57	5.46
Earnings per share	$0.052	d$0.076
Shares outstanding	714,853	714,853

Commodities

	Latest week	Previous week	Same week last yr.
Cattle	$10.54	$10.64	$8.84
Hogs	16.04	15.98	14.91
Copper, lb.	*.12	.12	.12
Cotton, lb.	.1953	.1994	.1688
Sugar, raw, lb.	*.0374	.0374	.0355
Wheat, Man. (bu.)	.86⅝	.81⅛	.73⅞
Coffee, lb.	*.09⅜	.09⅜	.09
Hides	*.15½	.15½	.15
Weekly Indices			
U. S. Labor	98.4	98.3	88.8
Wood, Gundy	77.0	77.2	75.0
Dow Jones (fut.)	84.41	85.22	76.83
Fishers	108.4	108.4	96.5
Monthly Indices			
Canada (D.B.S.):			
Retail (June)†	116.7	116.1	110.5
W'sale (June)	95.8	95.2	90.1
U. S. (May)	98.8	98.7	84.9
Gt. Brit. (Apr.)	159.6	158.8	150.9

Note:—The base of indices is that 1926 equals 100. †Base 1935-39 equals 100. The British index is Board of Trade converted to 1930 base.

Base of price quotations is as follows: Cattle — Steers, good, over 1,050 lb., top price, Toronto. Copper-electrolytic. New York, No. 7 coffee, Rio. Sugar—96 degrees centrifugal, c/f New York. Wheat—No. 1 Man. North., Ft. W.-Pt. A. basis.

*Ceiling prices fixed by the office of Price Administration.

DIVIDEND NOTICES

Sylvanite Gold Mines, Limited

(No Personal Liability)

TO SHAREHOLDERS AND HOLDERS OF SHARE WARRANTS:

NOTICE OF DIVIDEND NO. 48

TAKE NOTICE that a regular quarterly Dividend of 5% (i.e. five cents per share) on the outstanding Capital Stock of the Company, payable in Canadian funds, has been declared as Dividend No. 48.

Such Dividend will be payable September 30th, 1942, to Shareholders of record at the close of business August 14th, 1942.

In the case of Share Warrants such Dividend will be payable on or after September 30th, 1942, in respect of the shares specified therein, upon presentation and delivery of Coupon No. 48 at:

The Canadian Bank of Commerce, Toronto, or any Branch of said Bank in Canada (far Northern Branches excepted), or Liberty Bank of Buffalo, Buffalo, N.Y.

By Order of the Board.
W. S. WALTON,
Secretary.

TORONTO, August 4th, 1942.

Upper Canada Mines Limited

(No Personal Liability)

DIVIDEND NO. 9

Notice is hereby given that an interim dividend of two and one-half cents (.02½c) per share has been declared on the outstanding capital stock of the Company, payable in Canadian funds on August 31st, 1942 to shareholders as of record at the close of business August 15th, 1942.

By Order of the Board.
G. F. SUMMERS,
Secretary-Treasurer.

Toronto, July 24th, 1942.

"CANADA DRY"

Dividend Notice

At the meeting of the Board of Directors of Canada Dry Ginger Ale, Incorporated, a Delaware Corporation, held July 28, 1942, a dividend of fifteen cents (15¢) per share was declared, payable September 22, 1942, to stockholders of record at the close of business, September 10, 1942.

W. J. WILLIAMS, *Secretary*

DIVIDEND NOTICES

Lake of the Woods Milling Company Limited

DIVIDEND NOTICE

NOTICE IS HEREBY GIVEN THAT a dividend of 1¾% has been declared on the Preferred shares of the Company payable on September 1st, 1942, to shareholders of record at the close of business on August 15th, 1941.

By order of the Board.
D. A. MacINNES,
Secretary.

NOTICE IS HEREBY GIVEN THAT the regular quarterly dividend of 30 cents per share has been declared on the outstanding shares of the Common Stock of the Company, payable on September 1st, 1942, to shareholders of record at the close of business on August 15th, 1942.

By order of the Board.
D. A. MacINNES,
Secretary.

Canadian Breweries Limited

DIVIDEND NOTICE

Notice is hereby given that a dividend of eighty-five cents (85c) per share on the Cumulative Sinking Fund Convertible Preference Shares without nominal or par value in the Capital Stock of the Company has been declared payable on the 1st day of October, 1942, to Shareholders of record at the close of business on the 15th day of September, 1942.

By order of the Board.
W. C. BUTLER,
Secretary.

Toronto, Ontario,
July 29, 1942.

General Steel Wares Limited

DIVIDEND NOTICE

Notice is hereby given that a fixed cumulative dividend of $1.75 per share, being at the rate of 7% per annum in respect of the three month's period commencing on the 1st day of May, 1942, and ending on the 31st day of July, 1942, has been declared on the outstanding 45,000 shares of 7% Cumulative Participating Preferred Stock of a par value of $100.00 each of General Steel Wares Limited, payable on the 20th day of August, 1942, to shareholders of record at the close of business on the 10th day of August, 1942.

By Order of the Board.
FRANK S. BROPHY,
Secretary.

Montreal, August 1st, 1942.

BANQUE CANADIENNE NATIONALE

Quarterly Dividend

NOTICE is hereby given that a dividend of two per cent (2%) has been declared by the Directors of Banque Canadienne Nationale on the paid-up capital stock of the Bank for the quarter ending on the 31st day of August, 1942. This dividend, bearing the number 206, will be payable at the Main office or at the branches of the Bank, on or after the first day of September, to the shareholders of record on August 15.

By order of the Board,
CHARLES ST-PIERRE,
General Manager.

RELIANCE GRAIN COMPANY LIMITED
Owners and Operators Country Elevators and Terminals
Exporters and Shippers
SMITH, MURPHY CO, INC.
510 PRODUCE EXCHANGE, NEW YORK
Head Office: 919 Grain Exchange, Winnipeg
Branch Offices: Toronto and Vancouver

THE ALBERTA PACIFIC GRAIN COMPANY LIMITED
(Licensed and Bonded with the Board of Grain Commissioners)
OPERATING
464 Country Elevators
73 Flour Warehouses
227 Coal Sheds
Terminal Elevators at Vancouver and Fort Arthur
(Capacity—9,662,500 Bushels)
Offices: Calgary and Winnipeg (36)

NORRIS GRAIN COMPANY
LIMITED
C. C. FIELDS, Pres. GEO. S. MATHIESON, Vice-pres.
C. E. BABBITT, Sec'y.
Grain Merchants, Shippers and Exporters
709 Grain Exchange, Winnipeg
NEW YORK CHICAGO KANSAS CITY TOLEDO
ST. LOUIS BALTIMORE LONDON LIVERPOOL

Since 1857
James Richardson & Sons
LIMITED
Grain Merchants
Shippers and Exporters
HEAD OFFICE WINNIPEG
Branches Throughout Canada

Gold Production Drops 11.43% In First Six Months

Ore milled by 58 Ontario gold-mining companies dropped 9.34% in the six months ended June 30 as compared with ore milled in the first half of 1941. Gold production dropped 11.43%, silver production was off 16.27%, and total value of Ontario's bullion output was down by 11.43%.

These figures were released by Hon. Robert Laurier, Ontario Minister of Mines, in the Mines Department's monthly gold mining bulletin for June. The bulletin covers individual mine production figures for the first six months of 1942, and gives collective figures to June.

In the course of the first six months of the current year, the gold mines milled 5,554,565 tons of ore and recovered therefrom 1,397,481 ounces of gold and 218,971 ounces of silver. These together had a value of $53,896,532. In the first half of 1941, Ontario mines milled 6,127,351 tons of ore, recovered 1,577,902 ounces of gold, and 261,531 ounces of silver.

Part of the decrease resulted from the fact that five mines closed down in the period. Sachigo in the Patricia District and St. Anthony in the Thunder Bay district closed down in January. In the Porcupine area, Faymar reported a mill clean-up in May and Nakodas closed down at the end of May. At Kirkland Lake, Golden Gate closed down, also.

The drop in production was consistent throughout both the three months periods in the year so far. Considerably reduced production was registered in the first quarter as compared with the first quarter production in 1941. Difficulty in obtaining supplies was given as the main reason for the drop.

Mr. Laurier, reporting results in that period, pointed out that the decrease did not necessarily mean Ontario gold fields were decadent. Many gold mines could have been added to the production list, he said, but "gold mining has no priority rating and therefore those new mines must necessarily wait until the end of the war before they can be brought into production."

In the first six months this year, Kirkland Lake belt was the hardest hit, according to the department's figures, production value being $10,252,646 against $15,493,069 in the first six months of 1941. The Porcupine area was steadier, producing $26,955,808 in the first half this year compared with $27,729,980 in the first half last year. Larder Lake area gained, producing $4,283,104 this year, compared with $3,636,403 in the first six months last year.

Production in June, the most recent of this year's first six months, failed to indicate that any change in trend was in the making. The mines milled 5.35% less ore than they did in May. The gold they recovered was less by 5.09% than the gold recovered in May. Though the grade of ore milled was, on an average, a shade higher than that milled in May (it was $9.71 in June, $9.69 in May) daily average production in June, $299,504, fell short of that in May when it was $305,564.

Comparison in Output

Production by fields in the first six months of 1942 is compared with production in the first six months of 1941 in the following table:

Field	Tons Milled First 6 Months 1941	Tons Milled First 6 Months 1942	Total Value First 6 Months 1941	Total Value First 6 Months 1942
Porcupine	2,966,707	3,023,117	$27,729,980	$26,955,808
Kirkland Lake	1,046,644	643,396	15,493,069	10,252,646
Larder Lake	534,217	586,121	3,636,403	4,233,104
Matachewan	306,265	321,065	1,351,000	1,213,828
Sudbury	12,495	82,950	132,059	547,717
Algoma	44,789	32,268	266,383	195,144
Thunder Bay	406,920	357,430	4,732,928	4,449,926
Kenora and Rainy River	25,208	16,675	362,733	179,406
Patricia	783,489	487,542	7,139,358	5,804,967

Tons milled, value of production and bullion output each month in the first half of 1941 and 1942 are shown in the following tabulation:

	1941 Tons Milled	1941 Value $	1942 Tons Milled	1942 Value $	1942 Gold oz.	1942 Silver oz.
January	1,016,430	10,066,417	897,783	8,479,013	219,704	27,877
February	955,676	9,650,309	840,431	8,067,233	209,216	36,368
March	1,063,541	10,455,128	969,714	9,607,621	249,138	42,407
April	1,030,807	10,419,033	943,667	9,285,052	240,768	37,892
May	1,053,517	10,252,447	977,656	9,472,480	245,590	41,506
June	1,007,380	10,013,997	925,314	8,985,133	233,065	32,921
Grand total	6,127,351	60,857,331	5,554,565	53,896,532	1,397,481	218,971

Jason Earnings Drop Sharply

Jason Mines production and earnings in the quarter ended June 30 were the poorest in history, according to E. M. Thompson, president. The decline followed a drop in the grade of ore milled and a serious tightening in the labor situation. The labor question, Mr. Thompson stated, is particularly difficult in outlying localities such as that in which the Jason mine is situated.

In the first quarter of 1942, there was difficulty in maintaining tonnage but the ore drawn from stopes in the ordinary way was better than average grade. The drop in second quarter grade is considered temporary.

Two lengths of ore—one 80 ft., the other 30 ft.—were opened up on the third level. They were reached in a long drift being driven north from No. 1 shaft. Values were average. On the fifth level the vein was strong and values good both north and south of the shaft, but interference by diorite dykes cut stope tonnage somewhat.

Accumulate Earnings

Mr. Thompson reported that at the beginning of the year it was foreseen that greater liquid resources would be required if Jason was to withstand the impact of increasing pressure, and it was decided to let earnings accumulate so that any ordinary contingency might be met.

"It should be apparent," he said, "that in order to reap the greatest returns—which will only be delayed—there must be resources in hand with which to preserve the rich assets of your property."

Operating Statement
Periods Ended June 30, 1942

	3 mos. $	6 mos. $
Bullion recovery	162,323	356,762
Less: Operating costs	103,579	230,177
Operating profit*	58,744	126,585
Tons milled	10,600	21,726
Aver. tons daily	116	120
Recovery per ton	$15.32	$16.42

*Before taxes, depreciation and pre-production write-off.
Working capital at June 30, 1942—$230,630

Mining Concentrates

Hayes Cadillac shareholders have been informed that the company, which sold its Larder Lake property last fall to pay debts, has purchased a new property in Louvicourt, Quebec.

Considerable surface exploration, states S. F. Hayes, Hayes-Cadillac president, has been carried on on the new property under the supervision of J. P. Norrie, who reports favorably. There are indications that tungsten ore may also be found. In addition to paying debts, sale of the Larder Lake property permitted distribution of a bonus of stock of Winchester Larder Mines, Ltd.

* * *

God's Lake Gold Mines reports operating profit for the quarter ended June 30, 1942, of $12,359, up from $7,704 in the preceding quarter. This brings total for the first six months of 1942 to $20,063 in contrast to $96,453 in the like period of 1941.

During the June quarter of 1942, production totalled $161,166 from 18,516 tons milled, an average recovery of $8.70 per ton. Operating costs were $148,807 and operating profit $12,359.

In the preceding quarter, output was valued at $170,307 from 17,620 tons milled, an average of $9.66 per ton. Operating costs totalled $162,604, to leave operating profit of $7,704.

* * *

Privateer Mine development, though delayed somewhat by two breakdowns of the Prident hoist, has been fairly satisfactory of late, the directors say.

The 530 raise from the Prident 500-ft. level to Prident 400-ft. level has been completed. The 630 raise to connect up the 600-ft. level has been started and timbered, and the 930 raise from the long crosscut from the Privateer to the Prident 600-ft. level is well under way.

* * *

The Lucky Jim property which, along with other assets, was taken over by Sheep Creek Mines last year, in the name of a wholly owned subsidiary, Zincton Mines, Ltd., is back in production again. Sheep Creek's annual report shows that from 71,350 tons milled during the fiscal year ended May 31, Zincton realized a net profit of $65,043 after all costs including provision for depreciation, depletion, and taxes. Bulk of the ore came from No. 10 ore body, which was extended by diamond drilling and drifting to the bottom level, No. 9, for a total length of 1,500 ft. Ore reserves were increased from 127,000 to 201,210 tons "reasonably assured." There is also an indicated 57,400 tons of probable ore. Grade is estimated at $12.5% zinc.

* * *

McWatters Gold Mines reports a sharp drop in production in the three months ended June 30. Total recovery from 11,384 tons milled was $75,952 against $96,750 from 11,632 tons in the first quarter. Operating profit before taxes, depreciation, and deferred development charges amounted to $11,372 in the second quarter against $14,142 in the first. Average recovery was $6.41 against $8.49, operating cost per ton $5.41 against $6.64. Ottawa officials are reported to be examining a discovery of scheelite (tungsten ore) on the 400-ft. level. The deposit is said to be 50 ft. in length and of a good width.

* * *

Reports that Washington is handing out $5,000 to $20,000 grubstakes to prospectors for the asking, appear to be greatly exaggerated.

Advice from Canada's War Metals Advisory Committee is to the effect that while some money has been advanced by the U. S. government for prospecting—and also for exploration—the advances were on a straight basis against collateral.

No free money is going in Canada, either, it is stated.

* * *

Leitch Gold Mines, Ltd. second quarter production this year gave the highest average recovery in the history of the mine—$32.89 per ton. Tonnage was somewhat lower than in the first quarter. Quarterly results follow:

	Tons Milled	Recovery $	Aver. per ton $
2nd quarter, 1942	7,590	249,685	32.89
1st quarter, 1942	7,741	231,524	29.91
4th quarter, 1941	7,753	239,317	30.86
3rd quarter, 1941	7,576	221,109	29.18
2nd quarter, 1941	7,860	216,566	27.55

Mining INVESTMENTS

The current labor problem doesn't involve the working miners alone. Top men join the services, too, and replacing them is much more difficult.

Privateer Mine in British Columbia however, has been lucky. The mine manager there, N. E. McConnell, is leaving in about two months' time to join the Royal Canadian Engineers.

Declaring that Canada will be the gainer, the Privateer's directors are at the same time fully satisfied that they have a man who can ably take Mr. McConnell's place for the duration—Harry Hewat. For a long time he was mine foreman at Island Mountain before he came to Privateer several years ago.

* * *

At Beattie Gold mine, the long exploratory crosscut to the east on the 6th level is now within 500 ft. of the heading being driven from the Dumico shaft. The crosscut, which is to be driven a total distance of 10,000 ft., will permit transverse and angular drilling of the contact zone, where geological conditions are similar to those where the main ore bodies occur. Initial drilling, it is reported, has brought encouraging results.

* * *

Canadian Malartic Gold Mines Ltd. is adopting a policy of maintaining production from the mine's main ore bodies above the 5th level, it is reported, and to cope with the current scarcity of skilled labor, mine exploration and development will be reduced to a minimum for the time being.

In recent years Malartic, pursuing a policy of aggressive mine development, has been successful in blocking out a large tonnage of relatively low-grade ore. Milling facilities were increased from 700 tons to 1,000 tons daily. Ore reserves at the first of the year were estimated to be 1,823,500 tons averaging 0.131 oz.

* * *

At O'Brien Gold Mines Ltd., a four-level drift attack has resulted in disclosure of ore-structure extensions of over 225 ft. on No. 4 narrow blue-quartz vein. Grade is generally above mine average, and there are said to be interesting showings of coarse visible gold. Preparations for vertical work are now being made.

U. S. Makes Restrictions On Civilian Use of Silver

Now an essential war metal replacing tin and copper in several fields, silver is to be restricted as to civilian use in the United States. Such restrictions apply principally to "foreign" silver, the supply of which will be directed into essential production.

Domestic silver is not affected by a recent order issued by the Director General of Operations in Washington unless produced before July 1, 1939, or unless it is secondary silver producer and sold by a processor since then.

The order becomes effective Oct. 1. Certain limitations are already enforced.

After Oct 1, except to fill orders of A-3 priority or higher, no foreign silver may be used in the manufacture of silverware, watch cases, jewellery, badges, insignia, slide fasteners, hooks and eyes, buttons and snaps, closures for containers, pens and pencils, toilet sets and picture frames, musical instruments, unnecessary electroplating, silver-clad metal insulated wire for electrical conductors, and certain church goods.

Until the order is effective, manufacturers now making articles on the restricted list are limited either to one twelfth of the aggregate weight used in 1941, or to one sixth the weight used in the first half of 1942.

The order does not apply to government agencies in the States, nor does it prohibit the purchase of domestic silver by private users.

Silver has been found peculiarly useful in silver brazing, in engine bearings, and for non-corrosive machinery parts. Silver brazing has been found to be a highly satisfactory method of joining dissimilar metals, requires less time than methods using tin solders, and lends itself admirably to mass production. Such brazing often stands up much better under subsequent vibration.

A survey last March showed that in one way or another silver-brazing or silver soldering was being employed in about 40% of the major items rolling off Canada's production lines.

CANADIAN OIL ROYALTIES
BOUGHT — SOLD — QUOTED
You are invited to keep in touch with developments in Canada's rich oilfields, and to inform yourself of conditions to date, by means of our weekly news bulletin from Calgary and our new descriptive booklet, "Your Future in Oil." A copy of each will be sent, on request, without obligation.
Sponsors and Underwriters of the "MAJOR" and "ATLAS" OIL WELLS
CLIFTON C. CROSS & CO. (QUEBEC) LIMITED
Suite 1700, Aldred Building, Montreal — HArbor 1192
Associate Companies in Ten Principal Cities Across Canada.

Oil Royalties

Producing Wells — Prices and Payments

	Aug. daily allow. bbls.	July daily allow. bbls.	Apr pay. 1% $	May pay. 1% $	June pay. 1% $	Paid to June 30 1% $	Dealers offering price†
Ace No. 1 gross	543	538	242.98	241.82	241.87	2,920.90	$ 8,000
Alta. Oil Inc. No. 1 gr.	80	76	53.20	52.40	48.40	3,385.60	1,500
Do., No. 1 net	80	76	44.40	42.00	39.60	3,916.40	1,200
Do., No. 2 gr.	522	518	229.20	252.80	234.80	5,169.60	....
Do., No. 2 net	522	518	208.80	231.60	213.60	5,190.60	6,600
Allied No. 1 pfd.	100	100	44.63	42.80	45.84	575.53	1,300
Arrow No. 1 net	150	156	77.20	78.00	70.00	1,285.60	1,900
Do., No. 2 net	190	196	76.40	94.00	80.00	1,218.20	2,100
Atlas No. 1 net pfd.	110	120	8.80	35.60	62.40	106.80	1,900
Atlas-Br. D. No. 2 pfd.	676	699	....	466.80	416.00	882.80	10,200
D. & D. net pfd.	75	75	34.40	36.40	32.40	1,693.40	1,300
Drill. & Prod. No. 3 p.	135	125	....	....	69.20	69.20	....
East Crest No. 5	135	...	....	....	....	......	1,800
Independent No. 1 p.	225	235	150.65	148.99	133.92	1,602.79	3,800
Do., No. 1 gr.	225	235	107.84	107.09	97.75	1,670.90	3,800
Major Oil No. 1 pfd.	121	129	74.00	77.60	61.60	442.00	1,800
Do., No. 1 gr.	121	129	71.60	72.40	60.80	1,315.40	2,100
Do., No. 2 pfd.	604	623	446.80	430.40	376.40	3,447.80	6,500
Do., No. 2 gr.	604	623	334.40	331.20	286.40	4,550.00	9,400
Do., No. 2 dfd.	604	623	....	....	....	......	5,900
Do., No. 3 net	835	840	549.20	534.00	476.80	4,672.40	8,300
Do., No. 3 gr.	835	840	406.00	396.00	373.20	4,127.60	....
Do., No. 4 pfd.	268	304	384.40	325.20	292.40	1,512.80	4,000
Do., No. 4 gr.	268	304	276.40	248.00	218.80	1,842.80	5,700
Do., No. 7 pfd.	649	...	....	....	....	......	8,000
Do., No. 7 gr.	649	...	....	....	....	......	9,000
Do., No. 8 pfd.	...	...	....	....	....	......	6,900
Do., No. 8 gr.	...	...	....	....	....	......	7,900
Do., No. 9 gr.	488	400	....	....	45.20	45.20	8,100
Do., No. 9 pfd.	488	400	....	....	....	......	5,500
Miracle No. 1 pfd. net	409	453	456.48	414.82	155.36	4,047.41	5,000
Do., No. 1 gr.	409	453	316.47	296.21	273.68	3,800.08	8,300
Do., No. 2 pfd.	272	280	78.69	239.30	260.91	578.90	4,100
Do., No. 2 gr.	272	...	....	....	196.94	196.94	5,500
Renown No. 1 pfd.	100	...	....	....	46.56	46.56	1,300
Sunset No. 1 gr.	...	99	58.41	48.40	....	6,817.87	....
Do., No. 2 gr.	...	80	39.57	37.29	....	6,806.76	....
Twin Valley No. 1 gr.	157	160	73.15	80.19	68.89	1,950.39	4,300
Vulcan Brown gr.	100	110	72.80	67.70	37.50	8,760.22	3,500
Do., net	100	110	54.43	44.25	25.99	4,879.88	2,800
Winalta No. 1 pfd.	93	96	54.40	72.00	41.20	3,300.30	1,200

†Approximately 20% below dealer's bid prices usually.

Drilling Wells — Prices and Depths

	Drilling depth ft.	Offering price per 1%
Atlas Br. Dom., No. 3 p	5,448	*$4,375
Bonaventure, pfd.	6,365	4,300
Major Oil, No. 6 pfd.	5,630	5,800
Major Oil, No. 6 gr.	5,630	7,500
Miracle, No. 3 pfd.	5,872	5,600
Miracle No. 3 gr.	5,872	6,900
Northclon., No. 1 pfd.	4,208	5,000
Northclon., No. 1 gr.	4,208	6,300
Northend, No. 1 pfd.	7,478	5,000
Northend, No. 1 gr.	7,478	5,700
Northend, No. 2 pfd.	5,000	4,500
Northend, No. 2 gr.	5,000	5,400
Northend, No. 3 pfd.	8,084	5,000
Northend, No. 3 gr.	8,084	6,200
New Ranchmen's, pfd.	100	*3,200
Empire, pfd. (Ont.)†	...	*1,100
Hi-Test Pete. pfd.†	...	*3,600

*Pegged price. †Acreage royalty.

From 7.30 Sunday morning to 7.30 Monday morning Major No. 8 produced 1,899 barrels of new, clean oil. Gas oil ratio reduced to 2,800.

New depths are:
Northend No. 1—7,515 feet
Northend No. 2—5,225 feet
Northend No. 3—8,150 feet

All the Northends resumed drilling over the week-end and, according to the Oil Bulletin, new formations are expected soon.

Empire Royalties report well No. 51 is reamed, recased, packer set and placed on pumping test. Oil yielded 38 degrees gravity and gassy. Too early to estimate size of well, but are looking for better than five barrels daily. Rig moved to No. 52 location and well now undergoing brief pumping test.

The Week In Oils

From Our Own Correspondent

CALGARY. — Shell Exploration (Alberta) Ltd., new Canadian unit of the Royal Dutch Shell group got its Alberta foothills development programme really under way last week, spudding in its initial deep test on the Jumping Pound structure 25 miles west of Calgary, and starting rigging-up at its initial test on the Solomon Creek anticline, in the Jasper Park area west of Edmonton.

Shell-Norman No. 1, Shell's Jumping Pound test, was spudded in late last Friday and by Monday was drilling below 100 ft. with surface pipe slated to be run later in the week around 600 ft. The key well, testing what is believed to be a northwest extension of the Turner Valley Madison limestone body, is located about 23 miles north and west of Turner Valley's current most northerly oil producers.

* * *

Objective 7,700 Ft.

According to a cross-section of the Jumping Pound structure, drawn up in 1940 by Dr. G. S. Hume of the Dominion Geological Survey, the Shell test is located on the west flank of the presumed Jumping Pound Madison uplift, and may reach its limestone objective around 7,700 ft.

Shell, in association with the R. A. Brown interests, holds leases and reservations in the Jumping Pound area exceeding 100,000 acres. Drilling is financed entirely by Shell. Rabson Oil Co. (a Brown group company whose issued shares are held 60% by Federated Petroleums, 10% by Brown Oil Corp., 2% by British Trans-Canada Oils, and 28% by private interests) participates in a division of any net production.

A derrick is now being erected at Shell Exploration's test on the Solomon Creek anticline in the entrance area west of Edmonton, and spudding in with the rotary rig last used at the Shell-Chinook Castor test is slated for the near future. A drilling permit for the test, to be drilled as Shell Solomon Creek No. 1, was taken out this week. The well is on unsurveyed territory about 12 miles north of the "ghost town" of Brule. The Shell group holds a lease on 1,360 acres surrounding the well, and a reservation at present on a further 120,000 acres, of which around 65,000 acres will likely be retained.

* * *

Okalta Makes Plans

Provided the Dominion Government grants income tax concessions (now being negotiated), Okalta Oils Ltd. plans to seek the limestone on the Stony Indian Reserve, 45 miles west of Calgary. Plans call for deeper drilling at the Sinclair-Morley-Norcon No. 1 well, which was suspended at 1,515 ft. in 1928, after encountering water in the Upper Blairmore formation. The hole is reported in fairly good shape, with casing set to 1,182 ft. Madison limestone is looked for around 2,750 ft. Okalta Oils has acquired 14,294 acres on the Stony Reserve, including about 5,000 acres of Hector Oils holdings, containing the well-site.

* * *

Drilling permits have been issued for Pan-American No. 1, to be drilled by Pan-American Petroleums (represented by W. V. McKinnon of Calgary) about 24 miles west of Coutts just north of the Alberta-Montana Border. Drilling permit has also been issued for a new test in the Vermilion Field, Pioneer No. 1.

* * *

National Vulcan Test

National Petroleums, Ltd., and Vulcan Oils, Ltd., are drafting plans for their initial joint test in the North Turner Valley Extension. Probable location for the first well, National-Vulcan No. 1, is quarter of a mile west of the large Home Millarville No. 11 producer and the same distance south of Major Oil Investments No. 6.

Drilling permits were issued this week for three new Turner Valley tests, all in North Turner Valley. The three new sites are: Calmont-Millarville No. 2 Royalite-Lowery No. 1, and Royalite No. 68.

Two large new producers in the North Extension area make their debut on the allotment schedule for August. Major Oil Investments No. 7, with a temporary quota of 649 bbls., takes its place as fourth largest well in the field. Foothills No. 10, with a temporary quota of 513 bbls., becomes tenth largest well in the field.

* * *

Quotas Compared

Following is a comparative report of some of the top-ranking wells under the August schedule, showing their daily quotas for the months of July and August. The symbol * indicates temporary quota.

Well:	July	Aug.
Major Oil Investments 3	840	835
Atlas-British Domin. 2	699	676
Foothills 12	724	661
Major Oil Investments 7	...	649*
Home Millarville 2	639	625
Major Oil Investments 2	623	604
Home Millarville 11	618	572
Ace Royalties Ltd. 1	538	543
Alberta Oil Incomes 2	518	522
Foothills No. 10	...	513*
Home Millarville 7	538	492
Major Oil Investments 9	400*	488
Northwest Hudson Bay	453	421
Home Millarville 1	420	420
Miracle Royalties 1	453	409
Foothills 7	323	344
Southwest Pete 6	310	300
Drillers & Producers 2	300	295
Northwest Hudson Bay 5	305	293
Pacific Pete 5	290	290
Royalite 63	293	288
Miracle Royalties 2	280	272
Major Oil Investments 4	304	268
Anglo Canadian 7	284	265
Lion-Sunray 1	274	265
Twin Valley Roy. 2	250	240
Home Millarville 3	271	260
Royalite 48	271	257
Independent Roy. 1	235	225
Royalite 47	225	210
Home Millarville 4	210	210
Foothills 8	211	206

Clonmel Petroleums

Testing of potential oil and gas horizons is now under way at the Clonmel Petroleums No. 1 test in the Bruderheim Area. Drilling was halted last week at 3,003 ft. Several potential zones were cored. Some cores had "impressive oil showings" but the sands were rather fine and of doubtful porosity. Other zones show "good gas pressure." Some days will be required to adequately determine the productive possibilities of the various horizons.

* * *

Confirms Cardium

Northwest-Priddis No. 1, the vital Northwest Company test on the Priddis anticline flanking the North Turner Valley Extension to the east, has confirmed the Cardium sand marker at 4,795 ft. Drilling is now proceeding below 5,000 ft. The official estimate on depth to the Madison limestone objective is now placed at "somewhere between 8,000 and 8,500 ft."

Given a further 1,000 gallons of acid to the lower porous zone at the week end, Major Oil Investments No. 8 was kicked off at 7 p.m. Aug. 1, returned the 1,050 bbls. of input oil by 11.30 p.m. and, in the following eight hours, flushed 905 bbls. of new clean oil through the casing under its own power, with gas-oil ratio about 2,800 cu. ft. per bbl. In 24 hours ended 8 a.m., Aug. 3, the well produced a further 1,899 bbls., under open flow until 9.50 p.m. Aug. 2, and pinched in after that time. To date, 3,500 gallons of acid has been applied. The heavy flush yield leaves no doubt but that the well is a better than average producer. Judging from the present gas-oil ratio, however, the well is likely to receive an allowable in the Major No. 4 and the Foothills No. 11 class.

Home Millarville No. 10, which in its last reported run made 1,868 bbls. in 11½ hours (868 bbls. input oil, 1,100 bbls. new oil), is now on production test preparatory to determination of allowable. Gas-oil ratio at last report was about 1,200 cu. ft. per bbl. Indications are that this well will receive an allotment in excess of 500 bbls. daily.

Inco Pays 100th Dividend Soon

International Nickel Co. of Canada will pay its 100th dividend on common stock Sept. 3. The regular quarterly dividend, it has been declared, is payable in U. S. funds to shareholders of record Aug. 31. This will bring the total of dividends paid by Inco since its inception in 1906 to $381,978,014.

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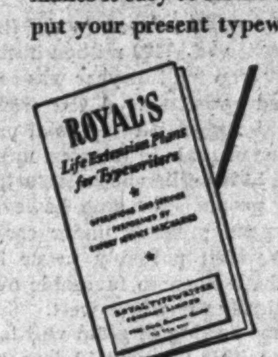

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Tungsten Hunt Speeds Up

Canada Strives to Overcome Shortage of Vital Metal

By GORDON M. GRANT

A simple arithmetical calculation shows why Canada urgently needs new sources of steel-hardening tungsten.

For every ton of high-speed tungsten steel turned out, approximately 360 pounds of scarce tungsten is required. If 10% of this country's total annual steel production of 3 million tons is high-speed steel, then over 54,000 tons of tungsten would be required for this work alone. Some of this, of course, comes from tool steel scrap, but much new tungsten is also required and especially when steel output is being expanded rapidly.

But high-speed steels are not the only key place where tungsten is required. Cemented carbides, used in making tips for cutting tools and in production of hard dies, have an even higher tungsten content than the usual 18% for tool steels. Electric light and radio tube filaments require tungsten, too, but fortunately quantities consumed are not large.

Used in Guns and Munitions

When it comes to military purposes, we need tungsten as a core in armor-piercing shot—for anti-tank guns—as an erosion-resistant liner in heavy ordnance, in armor plate, and in gun breeches.

With an unparalleled level of industrial activity both here and in the United States, it is no secret that we haven't enough tungsten. The United States is opening up important new sources of tungsten, but production is not even approaching requirements. Molybdenum is being used successfully as a substitute in high-speed tool steel, but the supply of it is far below requirements—and the demand for tungsten continues to rise.

Cost Secondary?

"Price doesn't mean a thing when it comes to tungsten. We've got to have it no matter what the cost," is the way more than one steel man feels about the metal. Reflecting the present situation, assistance will be forthcoming from the Metals Controller for any large worthwhile deposit outlined in this country. The price of tungsten in Canada has been raised several times recently and further increases are possible as supplies lag behind our growing needs.

Canada's effort on the tungsten front started late but is making rapid progress now. Actual production is still only a trickle—compared with what we could use—but inside the next year production is expected to be substantially increased. Thirty tons of concentrates had been made available to steel plants up to the middle of last May.

Gold Mines Have It

Significant to development of domestic sources of tungsten is the fact many of our gold mines find scheelite, an ore of tungsten, in their veins and can turn out concentrates as a by-product in their routine gold mining activities.

This country's first tungsten production has been of the by-product variety and hardly a week passes but some new gold mine announces discovery of tungsten in quartz veins and arrangements for its recovery.

Tungsten discoveries have not been limited to any particular section of Canada and finds that may prove of first importance have been made all the way from British Columbia in the west to Nova Scotia. In fact, these provinces have the only "straight" tungsten producers.

Refining in Ottawa

When war in the Pacific cut off tungsten supplies from China, the Bureau of Mines at Ottawa put in a small but modern refinery for treatment of tungsten concentrates. Small quantities of scheelite from a number of gold mines has been the raw material for this plant.

Now the tungsten picture is expanding further. A new plant is being put in at the Quebec government-owned Gale Mine in the Siscoe-Lamaque area, Hollinger has installed a 120-ton mill for the sole purpose of turning out by-product tungsten, and the Province of British Columbia has embarked on a tungsten-buying programme.

At Hazelton, British Columbia, Consolidated Smelters is turning out tungsten concentrates at its Red Rose tungsten property. Expansion of operations is being considered. A new tramway was moved into the property recently to facilitate operations.

Indian Path Producing

In Nova Scotia, Ventures placed the Indian Path tungsten property in production following cutting off of supplies from China. Little profit may be realized but an important output of tungsten is being achieved. By this fall, it is expected the milling rate will be well above the initial 100 tons daily basis.

A number of small concentrating plants at individual gold mines are now nearing completion. Bralorne is installing one of these on the west coast. In the Siscoe-Lamaque area, Quebec, Sullivan Consolidated has installed a concentrating plant for treating hand-sorted scheelite; production of about 200 lb. a month is being hoped for. Aunor in the Porcupine area is sorting out approximately one ton of high grade tungsten ore per month. Preston East Dome and Delnite, not far from Aunor, both have found scheelite and concentrates have already been shipped from Preston.

Red Lake has discovered tungsten. Sorting operations are being carried on at McKenzie Red Lake Gold Mines so stored scheelite can be treated when the necessary equipment has been installed.

Scheelite in Long Lac

In the Little Long Lac area, Little Long Lac Gold Mines discovered scheelite in some of its veins in 1941. A small plant will recover this scheelite but profit, if any, is expected to be negligible.

In the Siscoe-Lamaque area a number of mines are taking steps to recover scheelite for its tungsten content. Siscoe has tungsten in its ore and has also agreed to take over the adjacent Siscoe Extension property where scheelite has been determined to be present by sampling the surface dump.

McWatters Gold Mines, in the Rouyn area, has found an important scheelite showing and while assays have not been quite as high as expected, it seems possible this mine will shortly become a tungsten producer.

Prospecting Successful

Prospecting has already had considerable success in turning up new scheelite showings. It is quite possible that some new property may give us a production of tungsten far more important than any source we have at present. The tungsten find on the Emerald Claims, located eight miles south of Salmo, near Nelson, B.C., may represent the most important potential source of tungsten yet located in Canada.

Reports have suggested that this property might have a greater tungsten potential than any other in North America, but some important discoveries have been made "south of the line" and Canada is not yet in the same category as the United States when it comes to new tungsten finds.

A report of the British Columbia Department of Mines on the Emerald Claims describes the potential ore zone as varying in width from 5 to 40 ft. and running for a length of 1,200 ft. or more. Values were reported as ranging from 0.30% to 10% tungsten trioxide. In one small block of this ground, 34 by 50 by 10 ft. there was estimated to be probably $44,000 worth of tungsten. If surface values persist to depth, it was considered that probably a million dollars worth of tungsten might be located in the deposit. No metallurgical difficulties have been encountered in testing the ore.

Other B. C. Finds

Numerous other tungsten finds have been reported in British Columbia recently. It appears this province may prove a prolific source of the badly needed war metal. Theoretically, the North West Territories could become a first rate source of tungsten. Hundreds of tungsten-bearing veins have been discovered. But so far production has been limited. The old Slave Lake gold mine got into difficulties and production from its property was relatively small. However, the company's property has been taken over by a new company, International Tungsten, and it is hoped better results can be secured in the future. Good Rock Gold Mines, Yellowknife area, has brought out samples to Toronto which show considerable fluorescence under the ultra-violet light.

Dublin Gulch Tested

Prospecting for tungsten has been done in the Yukon. Bralorne and its associates have dropped their option on the Canadian Tungsten Property, but the Dominion Government has reserved the Dublin Gulch area for government drilling tests. Ventures was reported to have prospectors in the Dublin Gulch area earlier this year.

A few discoveries of tungsten have been reported from Manitoba and the Manitoba Museum is testing samples free of charge. Jack Nutt reports a discovery of tungsten on his Apex claims in northern Manitoba.

Find in Sudbury

The large number of prospectors are in the field looking for tungsten in Ontario this year. From Sudbury comes reports of a find which may prove important.

Republic Tungsten has been investigating a tungsten occurrence in Grenfell township, Kirkland Lake area, with some encouragement. The Kiryan property in the Kirkland Lake area has been under investigation by Toburn Gold Mines for its tungsten-producing possibilities.

Survey work for tungsten was carried out extensively in Nova Scotia long before the tungsten situation became critical in the Far East. Probably in no other area in Canada was there a greater knowledge of tungsten possibilities than in Nova Scotia.

With Indian Path in production, there is already a considerable output of tungsten from Nova Scotia. One or two other properties are reported to hold out promise of production—diamond drilling is being carried out on one group of claims near Halifax.

In many ways the search for tungsten is a memory test for prospectors. For years prospectors have been coming across tungsten showings in their search for gold, but as there was no stress on production, tungsten showings were ignored. But the situation is radically changed today. No stone is being left unturned in the attempt to secure a great production of the metal that imparts cutting qualities to steel and hardness to armor plate.

Hallnor Profit Moves Lower

Company Now Limited to Treatment of 380 Tons of Ore Daily

With grade of ore milled somewhat lower and exemption from corporation tax at an end, Hallnor Mines earnings moved lower in the first half of 1942.

Estimated net profit of $493,230 for the period was equal to 24.66 cents a share. This compared with $645,786 or 32.29 cents a share in the first half of 1941.

Labor Turnover a Factor

In accordance with recent regulations of the Metals Controller, mill operations are now limited to treatment of approximately 380 tons of ore per day, but due to steadily increasing labor turnover, actual production may be lower. No new ore body has been developed during the first half. Deep drilling below the 2,160-ft. level is not contemplated before the end of the year.

Production for the first half of this year was $1,182,327 from 68,287 tons of ore, an average of $17.31 per ton. This compares with $1,257,503 from 64,333 tons of ore, an average of $19.55 per ton.

Falconbridge Ups Profits

Sales to United Kingdom Improve Outlook for Company

Completion of sales in the United Kingdom — which were deferred some time ago pending downward adjustment of consumer stock here —resulted in a second-quarter net profit for Falconbridge Nickel which, when added to first quarter earnings, justified a dividend of five cents that was paid in March, states N. F. Parkinson, Falconbridge secretary, in the company's report on 1942 second quarter operations.

First quarter net was $56,304; second quarter, $136,183; making a total of $192,487 for the first half of 1942. Dividend payment amounted to $166,875.

Continuance of such results, states Mr. Parkinson, would make possible another disbursement before the end of the year.

Capital expenditures are to be made to effect greater output of nickel in line with official requests. Negotiations have resulted in an arrangement whereby such expenditures will at least be amortized.

"The added equipment is on order with the best priority rating," says Mr. Parkinson, "and it is hoped that the added production will become effective early in 1943; that this will add much to net earnings does not seem probable on the marketing basis available, and it will certainly inflict an added drain on your ore reserves. It represents still more donation by your company to the national War Effort."

Quarterly Report

Three Months Ended June 30

	1942	1941
	$	$
Earnings:		
Gross oper. profit	488,918	552,650
Less: Prov. for taxes..	63,000	115,000
Net oper. profit	425,918	437,650
Less: Depr. & def. devel.	289,734	194,316
Net profit	136,183	243,334

Note:—The above figures are subject to audit and exclusive of non-operating revenue.

	1942	1941
Earned per share	$0.0408	$0.0702
Capital expenditures .	200,593	......
Working capital	*6,355,765	6,534,848

*Including Norwegian items, per information available.

Dome Mines reports gross production of $522,809 from 45,400 tons milled during the month of July against gross production of $522,115 in June from 45,300 tons. Average recovery in July was $11.52 per ton and an average of 1,465 tons were milled daily. Production in July, 1941, totalled $660,948 from 52,100 tons.

Hayes Cadillac shareholders have been informed that the company, which sold its Larder Lake property last fall to pay debts, has purchased a new property in Louvicourt, Quebec.

Sigma Mines, Dome subsidiary, reports gross production of $253,922 from 33,409 tons of ore milled during the month of July compared with gross production of $252,019 from 33,280 tons in June. Average recovery per ton during July was $7.60 compared with $7.57 in June. Average milling rate was 1,078 tons per day. In July, 1941, gross recovery was $249,236 from 32,502 tons milled.

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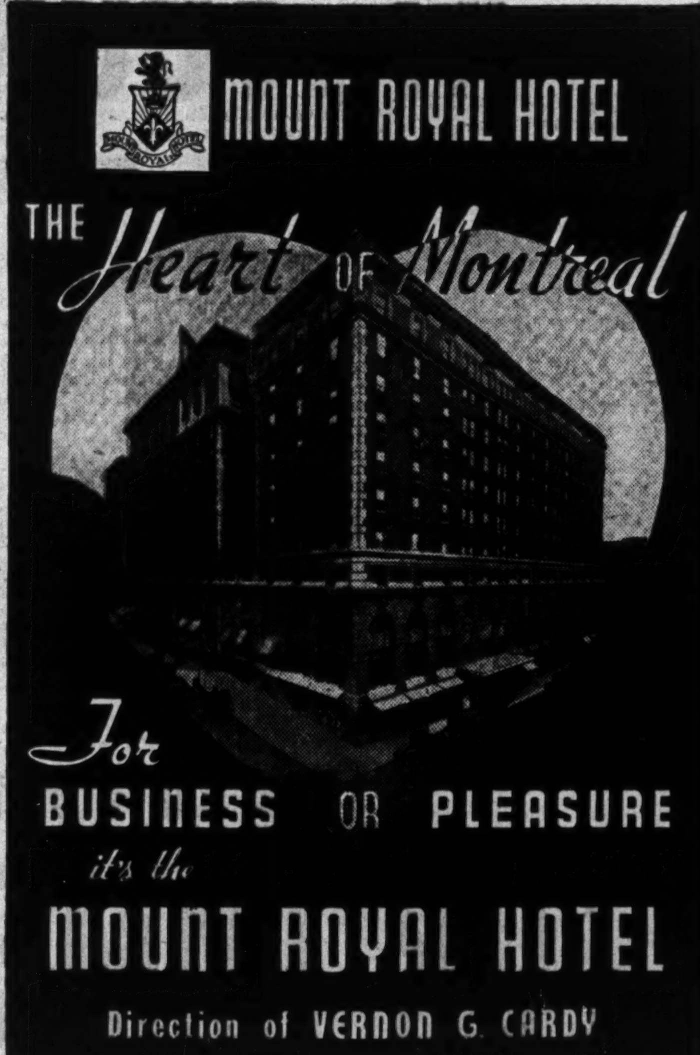

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Position of Chartered Banks of Canada as of June 30, 1942, Shown by Monthly Returns to Minister of Finance

LIABILITIES

NAME OF BANK	Notes in Circulation	Deposits by and Bal. Due to Dominion Government	Deposits by and Bal. Due to Provincial Government	Advances from Bank of Canada	Demand Deposits in Canada	Savings Deposits in Canada	Deposits Elsewhere▲	Bal. due to other Banks in Canada	Due to Banks in U.K.	Due to Banks Elsewhere	Bills Payable	Letters of Credit outstanding	Other Liabilities	Dividends Declared and unpaid	Reserve Fund	Capital Paid Up	Total Liabilities
	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$
Montreal	16,945,159	29,841,335	29,623,833	....	359,439,257	402,447,547	100,510,199	2,451,227	7,352,715	10,452,935	....	21,368,702	2,384,802	33,388	39,000,000	36,000,000	1,657,850,106
Nova Scotia	6,232,863	11,089,315	2,884,043	....	78,337,[illegible]	147,643,017	56,537,154	2,719,728	1,063,020	1,519,626	....	24,157,007	228,908	361,087	24,000,000	12,000,000	368,799,186
Toronto	2,539,419	6,780,017	1,629,177	....	55,628,215	88,122,247	1,010,820	107,284	572,343	476,219	....	2,104,781	....	9,770	10,000,000	6,000,000	176,049,272
Provinciale	1,923,795	1,113,270	477,106	....	12,851,073	40,601,584	8,991	....		13,907	....	63,462	6,023	5,046	1,000,000	4,000,000	62,265,162
Commerce	14,750,664	24,249,274	33,752,909	....	227,613,731	313,107,009	71,610,132	1,463,529	4,482,464	6,434,561	....	29,265,333	....	484,682	20,000,000	30,000,000	777,364,273
Royal	21,668,575	28,277,238	12,978,190	....	378,168,483	330,676,434	262,141,610	13,884	2,348,760	12,475,440	37,939	33,572,001	1,313,057	80,126	20,000,000	35,000,000	1,139,751,742
Dominion	3,081,424	6,961,004	670,675	....	59,504,150	77,256,276	8,080,234	1,890,926	402,874	245,047	....	4,065,838	438,788	176,186	7,000,000	7,000,000	176,463,527
Nationale	3,192,597	4,204,421	2,842,290	....	48,261,615	102,429,490	484,185	1,024,127	25,504	300,905	....	530,541	39,020	10,894	5,000,000	7,000,000	176,736,894
Imperial	3,459,730	13,817,657	18,584,633	....	63,780,143	89,645,104	2,315,109	2,050,177	1,122,425	618,796	....	5,451,645	....	175,220	8,000,000	7,000,000	216,024,694
Barclays (Canada)	685,770	2,774,686	24,641	....	5,570,206	6,016,618	3,313,210	118,725	2,808,102	739,804	....	890,887	11,356	....	750,000	1,500,000	25,204,012
Total	74,484,996	129,117,217	104,467,497	....	1,289,174,406	1,598,136,326	506,011,744	12,799,577	20,268,216	33,777,240	37,939	122,470,197	4,422,536	1,490,304	134,750,000	145,500,000	4,176,908,568

SUPPLEMENTARY INFORMATION

NAME OF BANK	Capital Authorised	Capital Subscribed	Last Dividend	†Loans to Directors and firms of which they are Partners	Average Notes and Deposits with Bank of Can.	Greatest Amount of Notes in Circ.
	$	$	%	$	$	$
Montreal	50,000,000	36,000,000	8	293,391	83,380,332	17,108,300
Nova Scotia	15,000,000	12,000,000	12	2,525,044	25,815,000	6,337,853
Toronto	10,000,000	6,000,000	10	534,849	13,164,108	2,610,444
Provinciale	5,000,000	4,000,000	6	155,865	5,512,707	1,923,795
Commerce	50,000,000	30,000,000	8	999,730	53,129,925	14,750,664
Royal	50,000,000	35,000,000	8	1,179,530	80,477,060	[illegible]
Dominion	10,000,000	7,000,000	10	393,332	13,873,329	3,132,[illegible]
Nationale	10,000,000	7,000,000	8	165,483	12,706,490	3,192,597
Imperial	10,000,000	7,000,000	10	842,760	17,355,729	3,471,005
Barclays (Canada)	1,500,000	1,500,000	....	9,806	1,484,883	704,300
Total	211,500,000	145,500,000		7,052,330	311,782,793	74,804,442

▲Of this amount $53,305,733 represents deposits in Canada in currencies other than Canadian. †And loans for which they are guarantors.

ASSETS

NAME OF BANK	Gold and Subsidiary Coin Held in Canada	Gold and Subsidiary Coin Held Elsewhere	Notes of Bank of Canada	Deposits with Bank of Canada	Notes of Other Banks	Govt. and Bank Notes other than Canadian	Cheques on other banks	Balances due by other banks in Canada	Due by banks in U.K.	Due by banks elsewhere	Govt. sec. short term	Govt. sec. long term	Canadian municipal securities	Public sec. other than Can.	Other bonds and stocks
	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$
Montreal*	1,459,085	58,217	25,646,183	75,899,914	748,170	674,348	38,407,065	1,189	5,383,650	28,601,673	247,923,878	229,473,965	14,446,527	38,660,783	21,383,528
Nova Scotia	431,729	867,458	7,829,491	17,509,419	194,327	8,790,491	14,414,872	....	9,598,940	14,840,434	48,950,612	63,227,707	9,018,350	3,795,717	11,902,136
Toronto	351,840	....	4,018,512	6,134,694	63,495	107,871	[illegible]	....	69,344	3,487,755	40,308,708	41,406,798	2,500,999	....	[illegible]
Provinciale	287,915	....	[illegible]	2,792,948	[illegible]	[illegible]	[illegible]	220	1,685	653,071	8,941,039	9,147,810	11,374,212	....	1,301,094
Commerce†	1,060,026	211,991	19,425,182	[illegible]	589,282	2,424,648	[illegible]	118	5,966,640	20,179,327	120,237,385	160,558,840	7,466,150	29,678,092	15,792,474
Royal	1,532,221	1,702,127	25,178,499	50,718,081	620,035	32,314,910	51,660,539	1,409	18,510,868	53,880,489	219,442,200	218,703,977	8,830,350	26,619,193	20,863,780
Dominion	291,448	298	2,030,430	3,104,729	175,449	119,217	7,321,010	....	1,810,233	3,335,361	26,022,537	33,692,420	1,400,161	....	1,329,138
Canadienne	636,535	....	7,135,263	3,703,794	144,515	105,611	10,295,863	1,186,188	119,075	1,054,075	33,118,362	27,700,832	18,021,585	....	2,327,138
Imperial	422,571	....	6,377,048	11,497,743	194,320	101,093	11,354,863	663,607	183,938	4,951,482	32,679,191	47,136,547	3,701,100	17,309	49,097
Barclays (Can.)	10,371	....	109,552	1,172,754	4,383	2,189	417,007	1,096,675	1,797,101	5,806,383	4,383,073	7,252,085	1,000	25,000	....
Total	6,485,340	2,840,091	99,037,423	221,404,211	2,539,284	44,711,092	174,798,943	2,949,807	43,444,499	137,243,750	785,800,215	837,299,987	77,930,886	97,798,045	81,669,304

NAME OF BANK	Call and short loans in Canada	Call and short loans elsewhere	Current loans in Canada	Current loans elsewhere	Loans to provincial governments	Loans to municipalities	Non-Current loans	Real estate other than Bank premises	Mortgages on real estate	Bank Premises	Deposit for note circulation	Other assets	Total assets▲
	$	$	$	$	$	$	$	$	$	$	$	$	$
Montreal*	2,334,588	17,113,796	220,638,224	21,130,510	1,092,996	20,326,242	513,631	371,065	437,185	13,900,000	1,015,765	1,731,843	1,000,004,874
Nova Scotia	2,849,227	841,309	105,130,109	15,969,319	863,318	2,356,858	372,775	....	79,086	5,709,395	433,973	2,370,606	370,808,595
Toronto	1,042,804	....	57,718,348	....	....	2,832,025	22,146	....	9,746	3,094,797	178,185	....	179,064,745
Provinciale	1,526,638	....	11,408,066	....	39,303	2,133,259	66,792	403,489	257,967	2,069,627	183,810	94,909	62,645,112
Commerce†	6,908,640	16,378,173	232,311,480	17,302,190	7,343,247	10,949,799	1,076,577	3,186,017	919,166	13,950,176	877,537	4,501,333	781,167,233
Royal	5,494,307	16,178,063	128,302,807	79,147,881	1,198,288	17,286,149	1,476,446	1,510,864	849,834	14,175,357	1,226,756	3,833,881	1,142,900,657
Dominion	1,270,027	3,673,028	68,318,911	508,709	641,501	7,448,838	161,484	20,992	27,177	3,385,568	222,475	202,587	177,890,208
Canadienne	3,090,441	....	51,418,869	....	327,909	163,862	157,983	1,512,956	686,968	4,767,337	232,090	162,050	177,577,744
Imperial	2,465,233	....	73,068,322	....	371,468	3,373,781	186,130	9,377	301,681	5,627,194	236,481	....	217,361,451
Barclays (Can.)	173,100	....	3,354,676	....	....	....	3,294	....	....	730,694	28,751	....	25,324,903
Total	28,156,485	54,181,434	1,046,170,066	133,668,452	11,696,851	75,771,113	4,126,648	6,030,730	3,481,430	69,409,988	4,879,733	12,933,110	4,194,349,584

*The business of the Bank in San Francisco, U.S.A., is carried on under the name of a locally incorporated company and the figures are incorporated in the above statement.—Footnote to Bank of Montreal return.

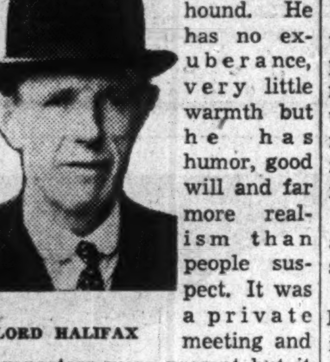
†The Canadian Bank of Commerce (California) has been incorporated under the laws of the State of California to conduct the business of the Bank in that State and the assets and liabilities of the Canadian Bank of Commerce (California) are included in the above general statement.—Footnote to Canadian Bank of Commerce return.

▲Total assets include $122,470,197 letters of credit outstanding as shown in liabilities.

London Calling
by Adelphi

LONDON.—Lord Halifax nearly spoiled the production debate in the House of Commons this week. He came to speak in the big Committee Room upstairs while the House was holding forth in the Chamber below. The vast majority of the M.P.'s were of the opinion that they would rather hear our Ambassador to Washington than listen to each other, with the result that the Chamber was nearly emptied.

Halifax has an unchanging personality. He always looks like a high-minded, benevolent blood hound. He has no exuberance, very little warmth but he has humor, good will and far more realism than people suspect. It was a private meeting and no reporters were present but it is safe to say that he shows a shrewd knowledge of the American people, and to an extent that might surprise some Americans.


LORD HALIFAX

It is strange to recall that he and the imperialistic Lord Lloyd once wrote a book together when they were young—and both lived to see the day when they differed so violently over India that the poles were not farther apart. And it is also strange to recall that he and a man named Stanley Baldwin both decided after the last war that public life held no place for them and they would retire from it.

And 20 years later Halifax is a big enough draw to empty the very House of Commons that once had so little interest in him. He has certainly outlasted Stanley Baldwin who must be one of the loneliest men in the world today, forgotten or derided because more than any other man he spoke for England as she was in those unhappy, bemused years between the two world wars.

* * *

Age of Chivalry

There were two lively feminine touches in Parliament this week. Austin Hopkinson was criticizing the government for placing women on Committees of Production. "What do women know about production?" he snapped. Up rose pretty Mrs. Tate.

"I would have thought," she said amiably, "that women know quite a lot about production."

Hopkinson missed the point entirely but the House didn't and gave her an appreciative cheer.

Lady Astor was the heroine of the other incident. She was complaining to the Minister of Information that Goebbels had attributed things to her that she had never said and would the Minister do something to counteract it.

"The noble lady pays the penalty of fame," said the Minister suavely.

Then Seymour Cocks from the Labor benches intervened. "Would it not be wise," he said, "for the noble lady to observe an iron silence for the rest of the war?"

And Rupert de la Bere from the Tory Benches added: "Would it not be better for the noble lady to listen more and talk less?"

Which may not be a particularly good example of masculine chivalry but ought to persuade you that the Cliveden set is not quite as powerful as commentators once tried to make out.

* * *

The Fighting French

General de Gaulle had an enormous reception when he came to a committee room of the House on July 14. The Tories turned out in force to do honor to the leader of the Free French and to pay tribute to the day on which the Parisian mob stormed the Bastille. Truly time alters human judgments. Who in the 18th century would have imagined that England's Tory party would some day cheer the French revolution?

Anthony Eden introduced General de Gaulle with charm and felicity and de Gaulle then addressed his hearers for half an hour in French. It was a grand speech but I don't know how many understood it.

At the end the gathering actually tried to sing the "Marseillaise." It was a noble effort coming from a race which does not indulge lightly in either music or emotion.

* * * *

Some days ago in the Commons there was a border clash. The debate was on Scottish estimates and it is traditional that on that day the English and Welsh M.P.'s stay away and let the Scots hold the fort. Perhaps because existence does not offer so many distractions these days a number of English M.P.'s turned up for the debate and one of them actually intervened.

"What are you interfering for in our affairs?" demanded an indignant M.P. from the Clydeside and the roll of his R's was a joy to the ear.

"I seem to recall," said the Englishman blandly, "that from time to time you interfere in ours."

Which, if not another Bannockburn, was pretty good.

* * *

Polish Parliament

While all this was going on in the Chamber there were two unusual meetings in the committee rooms. That elegant political savant Captain Victor Cazalet, M.P., was entertaining members of the Polish Parliament in exile, and many members of the British House turned up to make the affair friendly and important.

Victor Cazalet is one of the mystery men of British public life. He is rich, he won the M.C. in the last war, he was racquets champion, he is nice looking and agreeable company, he plays bridge without malice or genius, and is quite frankly interested in only two kinds of people—the very poor and the very important.

He was a personal friend of Baldwin's and frequently breakfasted with him. He was a personal friend of Chamberlain's and frequently lunched with him. He was, and still is, a friend of Churchill's. Yet he has never been given office or a title. He flew to Russia with General Sikorski He entertains exiled Royalties constantly. He gives generously to the poor and makes quite good speeches in the House.

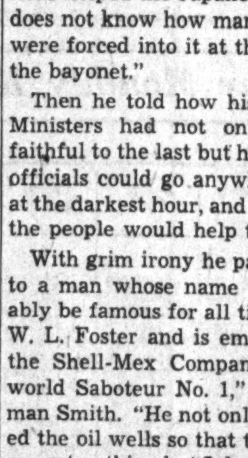
In Paris they used to call him the Richelieu of Westminster. He was the confidant of the great, the repository of secrets, the good companion of those in high places. And he gets no further.

On Wednesday at the reception he spoke in French and a Pole replied in English, which seems fair. Then the committee room was vacated to make room for young Sir Reginald Dorman Smith, the recently returned Governor of Burma.

* * *

Loyal Burmese

I stated in these notes that Dorman Smith's stories of Burma were the only cheering feature of London's life at the moment but when I saw him on Wednesday I realized how deeply his tragic experiences had marked him. His eyes looked as if they might never smile again. With quiet anger in his voice he spoke of his astonishment at the published stories of the Burmese turning against the British. "It just is not true," he said. "Perhaps 4,000 out of 14 millions helped the Japanese and one does not know how many of these were forced into it at the point of the bayonet."


DORMAN SMITH

Then he told how his Burmese Ministers had not only proved faithful to the last but how British officials could go anywhere, even at the darkest hour, and know that the people would help them.

With grim irony he paid tribute to a man whose name will probably be famous for all time. He is W. L. Foster and is employed by the Shell-Mex Company. "He is world Saboteur No. 1," said Dorman Smith. "He not only destroyed the oil wells so that the Japanese got nothing but I doubt if anyone will ever get oil from them again. When Foster destroys something it stays destroyed."

It was a story of tragedy and glory that he told. But it was good to hear how Chinese, British and Americans fought side by side and held the Japanese long enough to prepare India for defense. "They fought to the limit of endurance and beyond," he said simply.

D. A. Stuart Oil Co. has declared a participating dividend of 25 cents a share on its preference stock, payable along with the regular quarterly dividend of 20 cents a share on Sept. 1, 1942, to shareholders of record Aug. 15. A year ago a participating dividend of 50 cents a share was paid.

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Glass Cloth Unique Stuff

Won't Burn or Stain; Housewife Will Get It After the War

After the war it won't matter if you spill catsup on the tablecloth or your cigarette drops off the ashtray onto the bridge cover.

You learn this at the plant of Fibreglas Canada Ltd. at Oshawa, Ont., where fabric that won't stain and won't burn is being made from glass. Just now, most of it is needed for military purposes, but when the Axis is licked it will be sold by retailers across the country.

Then you'll get tablecloths that wash like dishes, bridge covers a bonfire can't damage, neckties from which every trace of a full-course dinner can be removed with a damp rag, awnings that won't rot even if they are soaking wet when you put them away in the cellar at the end of the summer.

Foolproof Fabric

In case you are wondering, glass fabric won't break if you drop it. You can jump on it if you want, and it still won't break. It's as soft as silk, as strong as piano wire, and it comes colored or white, in any pattern of weave.

First thing most people want to know when they see it is whether it is really made of glass. It really is, although you would never know from looking at it.

It's made from strands of glass so thin that it would take 15 of them to equal the thickness of a hair.

Start With Marbles

The glass, from carefully selected sands and other minerals, is first molded into marbles.

These are melted in small electric furnaces that have at their base many small holes through which the glass flows. As the liquid glass emerges, high pressure jets of steam or air stretch it into smooth fibres eight to 15 inches long.

There's another way of making these fibres—the continuous filament method, in which 200 filaments are drawn simultaneously from the furnace, at a speed of more than a mile a minute, through holes in a platinum die. In this process one marble—just one—makes 97 miles of fibre.

The 200 filaments come together at one point to form a strand. It takes 45,000 yards of this 200-fibre strand to weigh a pound. Two or more strands are twisted together on standard textile machinery to make the yarn of which fabric is woven.

The yarn is so tough you can't snap it with your bare hands, no matter how hard you try. The fibres have a tensile strength of 400,000 lbs. to the square inch.

Most Goes For War

All kinds of uses have been developed for "fibreglas," the trade name for this glass in fibre form.

It's so valuable to the armed forces and war industry that it will probably be a while yet before you can buy that stainproof and burnproof tablecloth, or glass shower curtains, or glass deck chairs.

Much of it is taken for electrical purposes, since, as insulation, it is heat-resistant, non-hygroscopic and resistant to corrosion. Motors wound with fibreglas-insulated magnet wire, bound into coils with fibreglas electric tape, will operate at higher overloads than standard motors.

Chemical filter cloth of fibreglas will resist both acid and heat.

One of the most recent applications for fibreglas is in electrically-heated diving suits for deep sea divers.

The helium-oxygen gas so many divers use now instead of compressed air makes them very cold and reduces their working efficiency. For this reason their suits have to be heated with electricity. Fibreglas is said to be the safest insulation for such suits.

Fibreglas is produced in "wool" as well as in textile form, the "wool" being chiefly for thermal insulation. The fibres of which it is made are coarser, and it looks exactly like the wool clipped from a sheep.

It is shaped into blocks and blankets, used for insulating houses, factories, stoves, water heaters, railway cars, airplanes, even battleships.

Not long ago two "black out" bomber assembly plants were built with no windows, these being omitted for fear of bombing. They contained more glass, by weight, than if they had had all the windows of the average modern factory, for into the walls and roof of each went 203 cars of fibreglas wool so the buildings would have the highest possible sound-deadening and insulating qualities.

One of Canada's authorities on fibreglas is K. H. Braithwaite, general manager of Fibreglas Canada Ltd., who sees the world of the future as a place in which glass in all its various forms, and plastics, will supplant wood, metal and other materials in many fields. He's also manager of Canada Duplate Ltd., which manufactures plastics, and member of the government's advisory committee on plastics.

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Canadian Pacific

Canadian Investment Fund added to holdings of five investments in the first half of 1942 and decreased two. Changes made are as follows:

	Shares
Additions	
Dominion Textile	75
Hudson Bay Mining	500
International Nickel	2,000
International Petroleum	1,400
National Steel Car	175
Dominion bonds	$100,000
Reductions	
Building Products	1,900
Noranda Mines	300

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